



Annual Financial Report Year Ended June 30, 2017



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

**Zeeland Public Schools
FINANCIAL REPORT
Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

October 31, 2017

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, 2017, 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, 2017, 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 31, 2017 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, 2017

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, 2017. 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 \$60,849,432 (*deficit net position*). The District reports a \$81,106,727 deficit balance of unrestricted net position as of June 30, 2017.
- ◆ The District's total net position increased by \$602,446. Net investment in capital assets increased by \$392,860, and restricted net position increased by \$409,778, while unrestricted net position decreased by \$200,192.
- ◆ As of the close of the current fiscal year, the District governmental funds reported combined ending fund balances of \$21,649,228, a decrease of \$18,209,969 in comparison with the prior year. Approximately 18% of this amount, \$3,979,582, 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 \$3,979,582, or 6.5% of total general fund expenditures and transfers out, which amounted to \$61,537,085.
- ◆ The District's total debt decreased by \$6,848,325 (6.1%) during the current fiscal year. This was the result of the District issuing \$8,065,000 of refunding bonds to refund \$8,590,000 of outstanding bonds, making its required scheduled debt service payments of \$6,279,268, and a net decrease in accrued compensated absences of \$44,057.

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 8-27 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's contributions. Required supplementary information can be found on pages 28-30 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 31-32 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 33-40 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 \$60,849,432 (net position) at the close of the most recent fiscal year.

A portion of the District's net position, \$18,510,684, 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, \$1,746,611, 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 \$81,106,727.

Table 1 - Zeeland Public Schools' Net Position

	2017	Restated 2016
	<u>2017</u>	<u>2016</u>
Current or other assets	\$ 31,481,110	\$ 53,778,065
Capital assets	<u>116,273,930</u>	<u>103,223,686</u>
Total assets	<u>147,755,040</u>	<u>157,001,751</u>
Deferred outflows of resources	<u>17,248,238</u>	<u>15,844,963</u>
Long-term liabilities outstanding	211,879,480	216,610,026
Other liabilities	<u>10,649,002</u>	<u>14,771,298</u>
Total liabilities	<u>222,528,482</u>	<u>231,381,324</u>
Deferred inflows of resources	<u>3,324,228</u>	<u>2,917,268</u>
Net position:		
Net investment in capital assets	18,510,684	18,117,824
Restricted	1,746,611	1,336,833
Unrestricted	<u>(81,106,727)</u>	<u>(80,906,535)</u>
Total net position	<u>\$ (60,849,432)</u>	<u>\$ (61,451,878)</u>

At June 30, 2017 and 2016, 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, 2017 and 2016.

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

	<u>2017</u>	<u>Restated 2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,707,786	\$ 3,425,273
Operating grants and contributions	9,794,753	8,576,540
Capital grants and contributions	40,000	75,000
General revenues:		
Property taxes levied for:		
General operations	7,129,576	8,894,304
Debt service	10,892,855	10,749,109
Community services	609,031	618,271
Capital projects	1,522,579	1,546,496
State aid - unrestricted	43,600,959	37,283,670
Interest and investment earnings	181,492	373,202
Other	<u>2,571,887</u>	<u>275,829</u>
Total revenues	<u>80,050,918</u>	<u>71,817,694</u>
Expenses:		
Instruction and instructional support	41,936,542	42,162,847
Support services	19,982,102	18,774,838
Food services	1,786,080	1,652,321
Community services	2,153,634	2,167,064
Interest on long-term debt	4,275,830	4,292,950
Unallocated depreciation	5,651,787	5,555,783
Other	<u>3,662,497</u>	<u>115,734</u>
Total expenses	<u>79,448,472</u>	<u>74,721,537</u>
Change in net position	<u>\$ 602,446</u>	<u>\$ (2,903,843)</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 \$21,649,228, a decrease of \$18,209,969 from the prior year. Approximately 18% of this fund balance amount (\$3,979,582) 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 (\$81,134), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$17,228,304), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$360,208).

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 \$3,979,582. 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 6.5% of total General fund expenditures and transfers out, while total fund balance represents 6.5% of the same amount.

The fund balance of the District's General Fund increased by \$1,667,644 during the current fiscal year. Total revenue sources increased by \$5,671,327 or 9.9%. Local sources decreased by \$1,626,834 or 16.4% due primarily to decreases property taxes. State sources increased by \$6,361,420 or 15.3% due primarily to increases in the per pupil allocation. Federal sources increased by \$20,146 or 0.9%. Interdistrict sources increased by \$916,595 or 23.6%. General Fund expenditures increased by \$2,436,310 or 4.1%. Transfers out to other funds decreased by \$142,632 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 \$32,434, a decrease of \$864,343 from the prior year. Total revenues increased by \$387,876 or 3.6%. Debt service expenditures increased by \$267,100 or 2.5%. Other expenditures increased to \$1,105,943 from \$0 in the prior year due to repayment of prior years' taxes collected. 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 \$1,671,423, an increase of \$240,361 during the year. Total revenues decreased by \$32,402 or 2.0%. Building and Site Fund expenditures decreased by \$57,109 or 4.4%.

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 \$14,553,421, a decrease of \$19,402,989 from the prior year. Total revenues decreased by \$211,903 from the prior year. 2015 Construction Fund expenditures were \$19,520,353 compared to \$8,204,096 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 surplus of approximately \$544,529 for 2016-2017. General Fund expenditures came in \$3,162,959 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 \$1,123,115. Revenues were less than the final approved budget by \$2,040,056. Expenditures and transfers out were \$3,163,171 less than the final approved budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Zeeland Public Schools

Capital Assets

	Cost	Accumulated Depreciation	June 30, 2017 Net Book Value	June 30, 2016 Net Book Value
Land	\$ 4,936,818	\$ -	\$ 4,936,818	\$ 4,936,818
Construction in progress	9,453,276	-	9,453,276	5,865,041
Buildings and improvements	155,970,900	63,787,433	92,183,467	86,295,747
Furniture and equipment	10,894,401	9,334,057	1,560,344	2,121,653
Land improvements	10,392,563	3,699,923	6,692,640	2,835,766
Transportation equipment	5,364,157	3,916,772	1,447,385	1,168,661
Total	<u>\$ 197,012,115</u>	<u>\$ 80,738,185</u>	<u>\$ 116,273,930</u>	<u>\$ 103,223,686</u>

Significant capital asset acquisitions during fiscal year 2017 included:

- ◆ Portable Classrooms
- ◆ Adams Elementary, New Groningen, Lincoln Elementary, and West High School Improvements
- ◆ East High School parking lot improvements
- ◆ Covered Walkway
- ◆ 6 Busses

The District did not have any significant capital asset sales during fiscal 2017.

Long-term debt

At year end the District had approximately \$106 million in general obligation bonds and other long-term debt outstanding.

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

	2017	2016
General obligation bonds	\$ 105,280,000	\$ 111,700,000
Notes payable	20,754	171,115
Special termination benefits	520,665	754,572
Compensated absences	63,226	107,283
	\$ 105,884,645	\$ 112,732,970

The District’s total debt decreased by \$6,848,325 (6.1%) during the current fiscal year. This was the result of the District issuing \$8,065,000 of refunding bonds to refund \$8,590,000 of outstanding bonds, making its required scheduled debt service payments of \$6,279,268, and a net decrease in accrued compensated absences of \$44,057.

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 \$97,665,411, an increase of \$2,622,744 from the prior year. Additional information on the District’s net pension liability can be found in Note 12 on pages 21-25 of this report.

FACTORS BEARING ON THE DISTRICT’S FUTURE

After the sixth year following the state’s realignment of funding, Zeeland Public Schools balanced the General Fund budget and added funds to the fund balance. The balanced budget was a district wide effort to cut expenditures, with the least effects on the classroom as possible. While the school district still maintains a reasonable General Fund fund balance, approximately 6.5% of the 2016-17 General Fund operating budget, the necessity to control expenditures will continue to be a high priority.

The district currently has a balanced budget for 2017-2018 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 2017-18 has increased approximately 2% from the 2016-17 February pupil count.
3. Strategic use of grant funding for staffing costs and use of the Sinking fund for all State of Michigan allowable expenses for building repairs.

At June 30, 2017, the unassigned fund balance in the General Fund was \$3,979,582. The District has not appropriated any of this amount for spending in the 2017-2018 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, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 21,774,408
Receivables:	
Accounts	43,795
Accrued interest	70,353
Due from other governments	9,511,420
Inventory	45,811
Prepays	35,323
Capital assets not being depreciated	14,390,094
Capital assets (net of accumulated depreciation)	<u>101,883,836</u>
Total Assets	<u>147,755,040</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	15,555,393
Deferred charge on refunding	<u>1,692,845</u>
Total Deferred Outflows of Resources	<u>17,248,238</u>
 LIABILITIES	
Accounts payable	3,043,908
Accrued expenses:	
Interest	817,120
Payroll and related liabilities	6,329,841
Due to trust and agency activities	4,800
Unearned revenue	257,044
Reserve for repayment of prior years' taxes	196,289
Noncurrent liabilities:	
Long-term debt:	
Due within one year	6,370,041
Due in more than one year	99,514,604
Deferred debt premiums and discounts	8,329,424
Net pension liability	<u>97,665,411</u>
Total Liabilities	<u>222,528,482</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	290,393
Deferred inflows related to state aid funding for pensions	<u>3,033,835</u>
Total Deferred Inflows of Resources	<u>3,324,228</u>
 NET POSITION	
Net investment in capital assets	18,510,684
Restricted for:	
Building and site	1,367,277
Capital projects	379,334
Unrestricted	<u>(81,106,727)</u>
Total Net Position	<u>\$ (60,849,432)</u>

See notes to financial statements.

Zeeland Public Schools
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	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	\$ 41,936,542	\$ 434,545	\$ 8,915,308	\$ -	\$ (32,586,689)
Support services	19,982,102	224,095	-	-	(19,758,007)
Food services	1,786,080	913,044	879,445	-	6,409
Community services	2,153,634	1,932,632	-	40,000	(181,002)
Interest and bond issuance costs on long-term debt	4,275,830	-	-	-	(4,275,830)
Unallocated depreciation	5,651,787	-	-	-	(5,651,787)
Other	3,662,497	203,470	-	-	(3,459,027)
Total Governmental Activities	\$ 79,448,472	\$ 3,707,786	\$ 9,794,753	\$ 40,000	(65,905,933)
 General Revenues:					
Taxes					
Property taxes levied for general operations					7,129,576
Property taxes levied for debt service					10,892,855
Property taxes levied for community services					609,031
Property taxes levied for capital projects					1,522,579
State of Michigan aid, unrestricted					43,600,959
Interest and investment earnings					181,492
Other					2,571,887
Total General Revenues					66,508,379
 CHANGE IN NET POSITION					
					602,446
Net Position - Beginning, as restated					(61,451,878)
Net Position - Ending					\$ (60,849,432)

See notes to financial statements.

**Zeeland Public Schools
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General Fund	Debt Service Fund	Building and Site Fund	2015 Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
Cash and investments	\$ 978,240	\$ 253,848	\$ 1,963,854	\$ 17,195,352	\$ 1,383,114	\$ 21,774,408
Receivables:						
Accounts	41,836	346	-	-	1,613	43,795
Accrued interest	-	-	-	70,353	-	70,353
Due from other funds	269,665	100,000	-	-	18,619	388,284
Due from other governments	9,331,944	6,961	973	-	171,542	9,511,420
Inventory	-	-	-	-	45,811	45,811
Prepays	35,323	-	-	-	-	35,323
TOTAL ASSETS	<u>\$ 10,657,008</u>	<u>\$ 361,155</u>	<u>\$ 1,964,827</u>	<u>\$ 17,265,705</u>	<u>\$ 1,620,699</u>	<u>\$ 31,869,394</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 165,483	\$ -	\$ 145,941	\$ 2,712,284	\$ 20,200	\$ 3,043,908
Accrued payroll and related liabilities	6,310,219	-	-	-	19,622	6,329,841
Due to other funds	18,619	223,744	132,801	-	13,120	388,284
Due to trust and agency activities	4,800	-	-	-	-	4,800
Unearned revenue	72,192	-	-	-	184,852	257,044
Reserve for repayment of prior years' taxes	70,790	104,977	14,662	-	5,860	196,289
Total Liabilities	<u>6,642,103</u>	<u>328,721</u>	<u>293,404</u>	<u>2,712,284</u>	<u>243,654</u>	<u>10,220,166</u>
Fund Balances:						
Non-spendable:						
Inventory	-	-	-	-	45,811	45,811
Prepays	35,323	-	-	-	-	35,323
Restricted:						
Building and site	-	-	1,367,277	-	-	1,367,277
Capital projects	-	-	-	14,553,421	-	14,553,421
School lunch activities	-	-	-	-	300,393	300,393
Community recreation	-	-	-	-	464,164	464,164
Community services	-	-	-	-	543,049	543,049
Assigned:						
Capital projects	-	-	304,146	-	-	304,146
Chix Country Store/Dux Pond activities	-	-	-	-	23,628	23,628
Debt service	-	32,434	-	-	-	32,434
Unassigned	3,979,582	-	-	-	-	3,979,582
Total Fund Balances	<u>4,014,905</u>	<u>32,434</u>	<u>1,671,423</u>	<u>14,553,421</u>	<u>1,377,045</u>	<u>21,649,228</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,657,008</u>	<u>\$ 361,155</u>	<u>\$ 1,964,827</u>	<u>\$ 17,265,705</u>	<u>\$ 1,620,699</u>	<u>\$ 31,869,394</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, 2017

Total Governmental Fund Balances	\$ 21,649,228
 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	116,273,930
Interest accrued on outstanding bonds and notes payable is not reported in the funds	(817,120)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds	(105,884,645)
Net pension liability is not due and payable in the current period and is not reported in the funds	(97,665,411)
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	12,231,165
Unamortized deferred bond discounts and premiums are not reported in the funds	(8,329,424)
Unamortized deferred bond refunding (gains) losses are not reported in the funds	<u>1,692,845</u>
 Net Position of Governmental Activities	 <u>\$ (60,849,432)</u>

Zeeland Public Schools
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Debt Service Fund	Building and Site Fund	2015 Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 8,279,385	\$ 11,148,391	\$ 1,574,826	\$ 117,364	\$ 3,474,642	\$ 24,594,608
State sources	47,920,228	-	-	-	221,197	48,141,425
Federal sources	2,187,805	-	-	-	764,144	2,951,949
Interdistrict sources	4,794,312	-	-	-	-	4,794,312
Total Revenues	<u>63,181,730</u>	<u>11,148,391</u>	<u>1,574,826</u>	<u>117,364</u>	<u>4,459,983</u>	<u>80,482,294</u>
Expenditures:						
Current:						
Instruction	39,011,405	-	306,362	-	-	39,317,767
Supporting services	19,755,730	-	185,113	-	-	19,940,843
Food services	-	-	-	-	1,746,391	1,746,391
Community services	-	-	-	-	2,194,248	2,194,248
School services	-	-	-	-	36,583	36,583
Capital outlay	319,631	-	582,410	19,520,353	251,960	20,674,354
Interdistrict	59,948	-	-	-	-	59,948
Other	2,217,265	1,105,943	160,580	-	64,232	3,548,020
Debt service:						
Principal retirement	150,361	5,895,000	-	-	-	6,045,361
Interest and fiscal charges	16,957	4,886,295	-	-	-	4,903,252
Bond issuance costs	-	109,742	-	-	-	109,742
Total Expenditures	<u>61,531,297</u>	<u>11,996,980</u>	<u>1,234,465</u>	<u>19,520,353</u>	<u>4,293,414</u>	<u>98,576,509</u>
Excess of Revenues Over (Under) Expenditures	<u>1,650,433</u>	<u>(848,589)</u>	<u>340,361</u>	<u>(19,402,989)</u>	<u>166,569</u>	<u>(18,094,215)</u>
Other Financing Sources (Uses):						
Refunding bonds issued	-	8,065,000	-	-	-	8,065,000
Payment to refunding bond escrow agent	-	(8,789,438)	-	-	-	(8,789,438)
Premiums on debt issued	-	608,684	-	-	-	608,684
Transfers in	22,999	100,000	-	-	5,788	128,787
Transfers out	(5,788)	-	(100,000)	-	(22,999)	(128,787)
Total Other Financing Sources (Uses)	<u>17,211</u>	<u>(15,754)</u>	<u>(100,000)</u>	<u>-</u>	<u>(17,211)</u>	<u>(115,754)</u>
Net Change in Fund Balances	1,667,644	(864,343)	240,361	(19,402,989)	149,358	(18,209,969)
Fund Balances, July 1	<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>
Fund Balances, June 30	<u>\$ 4,014,905</u>	<u>\$ 32,434</u>	<u>\$ 1,671,423</u>	<u>\$ 14,553,421</u>	<u>\$ 1,377,045</u>	<u>\$ 21,649,228</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, 2017

Net Change in Fund Balances - Total Governmental funds \$ (18,209,969)

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	18,702,031
Current year depreciation expense on capitalized assets	(5,651,787)

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	6,045,361
Refunding bonds issued	(8,065,000)
Bonds defeased	8,590,000
Deferred loss/premiums/discounts on bond refunding	504,965
Amortization of deferred bond refunding loss/premiums/discounts	(212,357)

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.

(982,696)

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

(431,376)

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

44,057

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

233,907

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

35,310

Change in net position of governmental activities **\$ 602,446**

Zeeland Public Schools
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Student Activities Agency <hr style="border: 0.5px solid black;"/>
ASSETS	
Cash and investments	\$ 757,050
Accounts receivable	3,981
Due from Zeeland Public Schools	<hr style="border: 0.5px solid black;"/> 4,800
TOTAL ASSETS	<hr style="border: 0.5px solid black;"/> \$ 765,831
LIABILITIES	
Accounts payable	\$ 771
Due to student groups	<hr style="border: 0.5px solid black;"/> 765,060
TOTAL LIABILITIES	<hr style="border: 0.5px solid black;"/> \$ 765,831

See notes to financial statements.

Zeeland Public Schools
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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, 2017, 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 2016 to August 2017. 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 two items that qualify for reporting in this category: 1) 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, 2) deferred inflows related to state aid for funding for pensions is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

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, 2017, 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	7.1600
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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, during the year ended June 30, 2017. GASB Statement No. 77 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. Tax abatement disclosures are disclosed in Note 13.

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	\$ 21,774,408	\$ 757,050	\$ 22,531,458

The breakdown between deposits and investments is as follows:

Deposits	\$ 1,874,680
Investments	<u>20,656,778</u>
Total deposits and investments	<u>\$ 22,531,458</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 \$6,515,861 of which \$250,000 was covered by federal depository insurance and \$6,265,861 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	8/15/17	\$ 2,703,056	Federal Home Loan Mtg Corp	7/14/17	4,171,583
US Treasury Note	9/15/17	2,739,589	Federated Gov't Obligation Fund	45 Days	<u>4,615,899</u>
US Treasury Note	10/15/17	1,691,967	Total US Gov't & Agency Obligations		<u>8,787,482</u>
US Treasury Note	11/15/17	1,163,951			
US Treasury Note	12/15/17	<u>98,934</u>	Money Market Accounts		<u>3,471,799</u>
Total US Treasury Notes		<u>8,397,497</u>			
			Total		<u>\$ 20,656,778</u>

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, 2017 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 \$3,471,799 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, 2017, 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 (40.7%), the Federated Government Obligations Fund (22.3%), and the Federal Home Loan Mortgage Corporation (20.2%).

Foreign Currency Risk. The District is not authorized to invest in investments which have this type of risk.

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, 2017:

- United States Treasury Notes in the amount of \$8,397,497 are valued using quoted prices in active markets for identical assets (Level 1).
- United States Government Agency Obligations in the amount of \$4,171,583 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, 2017.

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, 2017 consist of the following:

Other governments:	
State Aid	\$ 8,064,646
Federal revenue	1,121,728
Intermediate School District	305,774
Other	<u>19,272</u>
Total governments	9,511,420
Other miscellaneous receivables	<u>43,795</u>
Total amounts receivable	<u>\$ 9,555,215</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, 2017 was as follows:

	Beginning Balance	Additions	Disposals and adjustments	Completed construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 4,936,818	\$ -	\$ -	\$ -	\$ 4,936,818
Construction in progress	5,865,041	17,505,831	-	(13,917,596)	9,453,276
Total Capital Assets Not Being Depreciated	10,801,859	17,505,831	-	(13,917,596)	14,390,094
Capital Assets Being Depreciated					
Buildings and improvements	145,917,820	519,709	-	9,533,371	155,970,900
Furniture and equipment	10,867,957	26,444	-	-	10,894,401
Land improvements	6,008,338	-	-	4,384,225	10,392,563
Vehicles	4,788,290	650,047	(74,180)	-	5,364,157
Subtotal	167,582,405	1,196,200	(74,180)	13,917,596	182,622,021
Less Accumulated Depreciation for					
Buildings and improvements	(59,622,073)	(4,165,360)	-	-	(63,787,433)
Furniture and equipment	(8,746,304)	(587,753)	-	-	(9,334,057)
Land improvements	(3,172,572)	(527,351)	-	-	(3,699,923)
Vehicles	(3,619,629)	(371,323)	74,180	-	(3,916,772)
Subtotal	(75,160,578)	(5,651,787)	74,180	-	(80,738,185)
Net Capital Assets Being Depreciated	92,421,827	(4,455,587)	-	13,917,596	101,883,836
Governmental Activities Total					
Capital Assets - Net of Depreciation	\$ 103,223,686	\$ 13,050,244	\$ -	\$ -	\$ 116,273,930

Depreciation for the fiscal year ended June 30, 2017 amounted to \$5,651,787. 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, 2017 the District had \$0 of short term debt outstanding.

Short term debt activity for the year ending June 30, 2017 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, 2017:

	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	\$ 9,885,000	\$ -	\$ (9,885,000)	\$ -	\$ -
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	17,725,000	-	(450,000)	17,275,000	475,000
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	2,855,000	-	(470,000)	2,385,000	490,000
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	19,870,000	-	(1,135,000)	18,735,000	1,170,000
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	23,515,000	-	(1,895,000)	21,620,000	2,040,000
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	37,850,000	-	(650,000)	37,200,000	775,000
Refunding serial bonds (2017) due in annual installments of \$930,000 to \$1,250,000 through May 1, 2024; interest at 4%	8,065,000	-	8,065,000	-	8,065,000	1,190,000
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	25,752	-	(4,998)	20,754	4,997
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	145,363	-	(145,363)	-	-
Compensated absences payable		107,283	-	(44,057)	63,226	-
Special termination benefits payable		<u>754,572</u>	<u>-</u>	<u>(233,907)</u>	<u>520,665</u>	<u>225,044</u>
Total Governmental Activities		<u>\$ 112,732,970</u>	<u>\$ 8,065,000</u>	<u>\$ (14,913,325)</u>	<u>\$ 105,884,645</u>	<u>\$ 6,370,041</u>

Advance Refunding – The District issued \$8,065,000 in refunding bonds with interest rates at 4% to refund \$8,590,000 of outstanding 2007 Refunding Bonds which had interest rates ranging from 4.0% to 5.0%. The net proceeds of \$8,559,438 (including a \$608,684 premium and after payment of \$114,246 in underwriting fees and other issuance costs) plus an additional \$230,000 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result the 2007 Refunding Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The defeased 2007 Refunding Bonds were paid off on May 1, 2017.

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
2017 - 2018	\$ 6,370,041	\$ 4,827,858	\$ 11,197,899
2018 - 2019	6,141,425	4,486,185	10,627,610
2019 - 2020	6,397,719	4,214,986	10,612,705
2020 - 2021	6,611,634	3,930,436	10,542,070
2021 - 2022	6,860,150	3,628,461	10,488,611
2022 - 2027	33,890,450	13,469,666	47,360,116
2027 - 2032	26,725,000	6,759,425	33,484,425
2032 - 2035	12,825,000	1,287,500	14,112,500
	105,821,419	42,604,517	148,425,936
Accrued compensated absences	63,226	-	63,226
	\$ 105,884,645	\$ 42,604,517	\$ 148,489,162

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund balances as of June 30, 2017:

	Payable Fund				Total
	General Fund	Debt Service Fund	Building and Site Fund	Community Recreation Fund	
Receivable Fund					
General Fund	\$ -	\$ 223,744	\$ 32,801	\$ 13,120	\$ 269,665
Food Service Fund	18,619	-	-	-	18,619
Debt Service Fund	-	-	100,000	-	100,000
	\$ 18,619	\$ 223,744	\$ 132,801	\$ 13,120	\$ 388,284

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

Interfund transfers reported in the funds statements were as follows:

	Transfers Out			Totals
	General Fund	Building and Site Fund	Capital Reserve Technology Fund	
Transfers In:				
General Fund	\$ -	\$ -	\$ 22,999 (3)	\$ 22,999
Community Recreation Fund	5,788 (1)	-	-	5,788
Debt Service Fund	-	100,000 (2)	-	100,000
	<u>\$ 5,788</u>	<u>\$ 100,000</u>	<u>\$ 22,999</u>	<u>\$ 128,787</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for community recreation purposes
- (2) Transfers from Building and Site for debt service
- (3) Transfer from Capital Reserve Technology Fund of remaining assigned fund balance

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.

NOTE 11 – COMMITMENTS

Construction in Progress. The District has active construction commitments as of June 30, 2017. The projects are for various district wide capital projects. At June 30, 2017, the District’s commitments with contractors are as follows:

	<u>Remaining Construction Commitments</u>
District Wide Capital Projects	<u>\$ 16,054,105</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 (System or 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 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.

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, 2016 valuation will be amortized over a 20-year period for the 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2016.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.95%
Member Investment Plan	3.0 - 7.0%	18.95%
Pension Plus	3.0 - 6.4%	17.73%
Defined Contribution	0.0%	14.56%

The District's required and actual contributions to the pension plan for the year ended June 30, 2017 were \$9,469,408, with \$9,378,125 specifically for the Defined Benefit Plan. The Districts required contributions include an allocation of \$3,033,835 received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$97,665,411 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. 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, 2016, the District's proportion was 0.39146 percent, which was an increase of 0.00234 percent from its proportion measure as of September 30, 2015.

MPSERS (Plan) Net Pension Liability - Non-University	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Total Pension Liability	\$ 67,917,445,078	\$ 66,312,041,902
Plan Fiduciary Net Position	<u>42,968,263,308</u>	<u>41,887,015,147</u>
Net Pension Liability	24,949,181,770	24,425,026,755
Proportionate Share	<u>0.39146%</u>	<u>0.38912%</u>
Net Pension Liability for the District	<u>\$ 97,665,411</u>	<u>\$ 95,042,667</u>

For the year ended June 30, 2017, the District recognized pension expense of \$10,213,847, inclusive of payments funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability. These amounts have been recorded as a deferred outflow as of June 30, 2017.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 1,217,169	\$ 231,469	\$ 985,700
Changes of assumptions	1,526,922	-	1,526,922
Net difference between projected and actual earnings on pension plan investments	1,623,198	-	1,623,198
Changes in proportion and differences between District contributions and proportionate share of contributions	2,610,182	58,924	2,551,258
District contributions subsequent to the measurement date	<u>8,577,922</u>	<u>-</u>	<u>8,577,922</u>
Total	<u>\$ 15,555,393</u>	<u>\$ 290,393</u>	<u>\$ 15,265,000</u>

\$8,577,922 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, 2018. The table above excludes deferred inflows of resources of \$3,033,835 resulting from revenue in support of pension contributions made subsequent to the plan year measurement date.

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:
2018	\$ 1,674,223
2019	1,546,354
2020	3,025,492
2021	441,009
	6,687,078
District contributions subsequent to the measurement date	8,577,922
Total	\$ 15,265,000

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, 2015
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, 2016, is based on the results of an actuarial valuation date of September 30, 2015, 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: 4.6273
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2016 MPSRERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).

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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
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 District's Proportionate Share 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%
\$ 125,768,466	\$ 97,665,411	\$ 73,971,833

*Non-university employers, the Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

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 MPERS 2016 Comprehensive Annual Financial Report (CAFR), available at www.michigan.gov/mpers-cafr.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

At June 30, 2017, the District reported a payable of \$397,797 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2017. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as accrued payroll and related liabilities. These amounts represent payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

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 MPSERS 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 6.40% - 6.83% of covered payroll for the period from July 1, 2016 to September 30, 2016, and from 5.69% - 5.91% of covered payroll for the period from October 1, 2016 to June 30, 2017 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, 2017, 2016, and 2015 were approximately \$2,188,000, \$2,047,000, and \$1,281,000 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 – TAX ABATEMENTS

The District receives reduced property tax revenue as a result of tax abatement agreements entered into by cities and townships within the District boundaries. The tax abatement agreements include the following:

Industrial Facilities Exemption

The District receives reduced property tax revenue as a result of property tax abatement agreements entered into by cities and townships with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The Industrial Facilities Exemption provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

Brownfield Redevelopment Authority Capture

The District receives reduced property tax revenue as a result of property tax abatement agreements entered into by cities and townships with local businesses under the Brownfield Redevelopment Financing Act, PA 381 of 1996, as amended. The Brownfield Redevelopment Financing Act authorizes municipalities to create a Brownfield Redevelopment Authority to facilitate the implementation of Brownfield plans and associated work plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, tax reverted, or historic property.

Payments in Lieu of Taxes (PILOT)

The District receives reduced property tax revenue as a result of Payments in Lieu of Taxes (PILOT) granted by the cities and townships. PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The amount of tax foregone was determined by subtracting the fee in lieu of taxes paid from the amount of tax that would have been calculated.

For the year ended June 30, 2017, the District's property tax revenue abated under these programs are as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
City of Zeeland - Operating	\$ 384,095
City of Zeeland - Debt	365,681
City of Zeeland - Building and Site	49,753
City of Zeeland - Community Recreation	19,901
Holland Charter Township - Operating	10,539
Holland Charter Township - Debt	8,614
Holland Charter Township - Building and Site	1,204
Holland Charter Township - Community Recreation	482
Olive Township - Operating	3,758
Olive Township - Debt	48,474
Olive Township - Building and Site	6,770
Olive Township - Community Recreation	2,708
Zeeland Charter Township - Operating	43,702
Zeeland Charter Township - Debt	24,527
Zeeland Charter Township - Building and Site	3,425
Zeeland Charter Township - Community Recreation	<u>1,370</u>
	<u>\$ 975,003</u>

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

There are no significant abatements entered into by the District.

NOTE 14 – PROPERTY TAX APPEAL

During the year ended June 30, 2017 the District's largest taxpayer settled a tax appeal case with the City of Zeeland resulting in a reduction in their taxable value for the 2014 through 2016 tax years. The District's portion of the payback of previous property tax revenue received for the 2014 and 2015 tax years including interest amounted to \$3,464,177 (\$3,217,132 of property taxes and \$247,045 of interest). The property tax payback and interest amounts are included as "other expenses" in the Statement of Activities and "other expenditures" in the Statement of Revenues, Expenditures and Changes in Fund Balances.

As a result of the reduction in taxable value for the 2014 and 2015 tax years the District received a one-time payment from the State of Michigan in accordance with the per pupil foundation allowance in the amount of \$2,255,755. This amount is included as "other general revenue" in the Statement of Activities and "state sources revenue" in the Statement of Revenues, Expenditures and Changes in Fund Balances.

The District's portion of payback of property tax revenue received as a result of the reduction in taxable value for the 2016 tax year including interest amounted to \$2,963,787 (\$2,879,944 of property taxes and \$83,843 of interest). The property tax payback amounts for the 2016 tax year are included as a reduction property tax revenue for the year ended June 30, 2017. The interest amounts for the 2016 tax year are included as "other expenses" in the Statement of Activities and "other expenditures" in the Statement of Revenues, Expenditures and Changes in Fund Balances. The reduction in taxable value for the 2016 tax year resulted in additional state aid revenue in accordance with the per pupil foundation allowance for the year ended June 30, 2017.

NOTE 15 – 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 16 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been reflected in the financial statements to reduce beginning net position in the amount of \$2,602,459 for deferred inflows of resources related to pensions not recorded in the prior year.

NOTE 17 – 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. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activity for accounting and financial reporting and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Required Supplementary Information

Zeeland Public Schools
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ 9,938,111	\$ 10,098,712	\$ 8,279,385	\$ (1,819,327)
State sources	42,877,455	48,033,966	47,920,228	(113,738)
Federal sources	2,204,205	2,286,390	2,187,805	(98,585)
Interdistrict sources	4,385,722	4,802,718	4,794,312	(8,406)
Total Revenues	<u>59,405,493</u>	<u>65,221,786</u>	<u>63,181,730</u>	<u>(2,040,056)</u>
Expenditures:				
Current:				
Instruction:				
Basic programs	31,392,856	31,743,555	31,518,725	224,830
Added needs	7,514,700	7,691,453	7,492,680	198,773
Supporting services:				
Pupil services	3,365,127	3,294,624	3,236,235	58,389
Curriculum and library	1,848,861	2,102,319	1,964,432	137,887
Administration	5,228,188	5,307,657	5,194,785	112,872
Operation and maintenance services	4,784,974	4,793,510	4,631,594	161,916
Technology	744,231	778,575	764,425	14,150
Pupil transportation services	2,184,739	2,306,505	2,264,607	41,898
Central services	10,520	42,824	42,297	527
Athletics	1,711,528	1,682,097	1,657,355	24,742
Capital outlay	485,000	343,200	319,631	23,569
Interdistrict	100,000	59,123	59,948	(825)
Other	-	4,378,463	2,217,265	2,161,198
Debt service:				
Principal retirement	8,000	153,351	150,361	2,990
Interest and fiscal charges	9,184	17,000	16,957	43
Total Expenditures	<u>59,387,908</u>	<u>64,694,256</u>	<u>61,531,297</u>	<u>3,162,959</u>
Excess of Revenues Over (Under) Expenditures	<u>17,585</u>	<u>527,530</u>	<u>1,650,433</u>	<u>1,122,903</u>
Other Financing Sources (Uses):				
Transfers in	-	22,999	22,999	-
Transfers out	-	(6,000)	(5,788)	212
Total Other Financing Sources (Uses)	<u>-</u>	<u>16,999</u>	<u>17,211</u>	<u>212</u>
Net Change in Fund Balance	<u>\$ 17,585</u>	<u>\$ 544,529</u>	1,667,644	<u>\$ 1,123,115</u>
Fund Balances - July 1			<u>2,347,261</u>	
Fund Balances - June 30			<u>\$ 4,014,905</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)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability (%)	0.39146%	0.38912%	0.37415%
District's proportionate share of net pension liability	\$ 97,665,411	\$ 95,042,667	\$ 82,411,102
District's covered-employee payroll	33,263,832	\$ 32,545,164	\$ 31,838,045
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	293.61%	292.03%	258.84%
Plan fiduciary net position as a percentage of total pension liability	63.27%	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 2016

Changes of assumptions: There were no changes of benefit assumptions in 2016

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)

	2017	2016	2015
Statutorily required contributions	\$ 9,469,408	\$ 9,170,646	\$ 7,268,997
Contributions in relation to statutorily required contributions	<u>9,469,408</u>	<u>9,170,646</u>	<u>7,268,997</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 33,899,736	\$ 33,187,911	\$ 32,505,926
Contributions as a percentage of covered-employee payroll	27.93%	27.63%	22.36%

Notes to Schedule of District Contributions

Changes of benefit terms: There were no changes of benefit terms in 2016

Changes of assumptions: There were no changes of benefit assumptions in 2016

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, 2017

	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
ASSETS						
Cash and investments	\$ 285,934	\$ 540,672	\$ 532,880	\$ 23,628	\$ -	\$ 1,383,114
Receivables:						
Accounts	1,611	-	2	-	-	1,613
Due from other funds	18,619	-	-	-	-	18,619
Due from other governments	68,449	48,540	54,553	-	-	171,542
Inventory	21,312	-	-	24,499	-	45,811
TOTAL ASSETS	\$ 395,925	\$ 589,212	\$ 587,435	\$ 48,127	\$ -	\$ 1,620,699
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,498	\$ 10,496	\$ 6,206	\$ -	\$ -	\$ 20,200
Accrued payroll and related liabilities	638	7,784	11,200	-	-	19,622
Due to other funds	-	13,120	-	-	-	13,120
Unearned revenue	70,084	87,788	26,980	-	-	184,852
Reserve for repayment of prior years' taxes	-	5,860	-	-	-	5,860
Total Liabilities	74,220	125,048	44,386	-	-	243,654
Fund Balances:						
Non-spendable:						
Inventory	21,312	-	-	24,499	-	45,811
Restricted:						
School lunch activities	300,393	-	-	-	-	300,393
Community recreation	-	464,164	-	-	-	464,164
Community services	-	-	543,049	-	-	543,049
Assigned:						
Chix Country Store/Dux Pond activities	-	-	-	23,628	-	23,628
Total Fund Balances	321,705	464,164	543,049	48,127	-	1,377,045
TOTAL LIABILITIES AND FUND BALANCES	\$ 395,925	\$ 589,212	\$ 587,435	\$ 48,127	\$ -	\$ 1,620,699

Zeeland Public Schools
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	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	\$ 917,094	\$ 1,500,778	\$ 1,024,209	\$ 32,559	\$ 2	\$ 3,474,642
State sources	115,301	48,151	57,745	-	-	221,197
Federal sources	764,144	-	-	-	-	764,144
Total Revenues	<u>1,796,539</u>	<u>1,548,929</u>	<u>1,081,954</u>	<u>32,559</u>	<u>2</u>	<u>4,459,983</u>
Expenditures:						
Current:						
Food services	1,746,391	-	-	-	-	1,746,391
Community services	-	1,277,182	917,066	-	-	2,194,248
School services	-	-	-	36,583	-	36,583
Capital outlay	114,698	137,262	-	-	-	251,960
Other	-	64,232	-	-	-	64,232
Total Expenditures	<u>1,861,089</u>	<u>1,478,676</u>	<u>917,066</u>	<u>36,583</u>	<u>-</u>	<u>4,293,414</u>
Excess of Revenues						
Over (Under) Expenditures	<u>(64,550)</u>	<u>70,253</u>	<u>164,888</u>	<u>(4,024)</u>	<u>2</u>	<u>166,569</u>
Other Financing Sources (Uses):						
Transfers in	-	5,788	-	-	-	5,788
Transfers out	-	-	-	-	(22,999)	(22,999)
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,788</u>	<u>-</u>	<u>-</u>	<u>(22,999)</u>	<u>(17,211)</u>
Net Change in Fund Balances	(64,550)	76,041	164,888	(4,024)	(22,997)	149,358
Fund Balances, July 1	<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>
Fund Balances, June 30	<u>\$ 321,705</u>	<u>\$ 464,164</u>	<u>\$ 543,049</u>	<u>\$ 48,127</u>	<u>\$ -</u>	<u>\$ 1,377,045</u>

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2017

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
3RD GRADE TRIP	\$ 343	\$ -	\$ -	\$ 343
4TH GRADE ACTIVITY	113	11,974	11,373	714
4TH GRADE ACTIVITY	1,073	5,088	4,974	1,187
4TH GRADE TRIP	307	3,065	2,820	552
4TH GRADE TRIP	173	300	473	-
5TH GRADE ACTIVITY	1,979	8,279	8,447	1,811
6TH GRADE TEAM	2,566	4,713	5,549	1,730
6TH GRADE TEAM	1,127	268	520	875
7TH GRADE TEAM A	1,570	3,624	4,019	1,175
7TH GRADE TEAM A	1,284	2,459	2,790	953
7TH/8TH GR LATE NIGHTER	3,739	4,068	2,930	4,877
8TH GR MACKINAC ISLAND	645	35,000	34,325	1,320
8TH GRADE TEAM	183	7,269	6,884	568
8TH GRADE TEAM	992	34	369	657
8TH GRADE WASHINGTON DC	516	82,767	83,137	146
ACADEMIC RECONGINITION	1,392	14,230	12,963	2,659
ACCELERATION	8,408	22,057	20,842	9,623
ADMINISTRATIVE	912	2,016	1,272	1,656
ADMINISTRATIVE	629	6,108	5,456	1,281
ADMINISTRATIVE	778	-	255	523
ADMINISTRATIVE	9,379	12,853	10,137	12,095
ADMINISTRATIVE	180	434	162	452
ADMINISTRATIVE	(885)	19,447	4,762	13,800
ADULT EDUCATION	-	249	249	-
AP/ACT TESTING	4,241	80,516	73,890	10,867
ART CLASSROOM ACTIVITY	13	-	-	13
ART CLUB MOSAIC TABLES	501	1,480	1,676	305
ART TE LEEN	-	3,700	2,843	857
ATHLETIC BOOSTERS	32	13,455	13,455	32
ATHLETIC BOOSTERS	1,905	52,276	53,354	827
ATHLETIC TRAINING EQUIP	9,049	13,495	10,433	12,111
AUDITORIUM PROGRAMS	1,842	1	-	1,843
BAND CONCESSIONS	3,834	40,046	38,253	5,627
BAND/INSTRUMENTAL RENTAL	15,184	14,442	12,733	16,893
BASEBALL	2,458	24,034	25,107	1,385
BASEBALL	7,197	17,518	23,401	1,314
BE NICE	5,112	4,548	5,807	3,853
BIT SUMMER COURSE	(7)	-	-	(7)
BOOK FAIR	1,445	490	899	1,036
BOOK FINES	444	-	-	444
BOWLING CLUB	1,067	2,320	2,789	598
BOYS BASKETBALL	4,423	26,058	23,169	7,312
BOYS BASKETBALL	2,602	33,803	31,509	4,896
BOYS SOCCER	1,992	6,232	4,505	3,719
BOYS SOCCER	11,905	43,608	49,294	6,219
BOYS SWIM	4,469	10,697	10,543	4,623
BOYS TENNIS	528	2,153	2,139	542
BOYS TENNIS	2,708	290	2,866	132
BROADCASTING	5,354	3,494	2,514	6,334
CALLING ALL COLORS	78	-	-	78
CHECK AND CONNECT	21	-	6	15
CHEMISTRY CLUB	1,799	1	211	1,589
CHOIR BOOSTERS	5,101	3	-	5,104
CITYSIDE ART CLUB	(15)	1,400	1,354	31
CITYSIDE BAND	3,156	35,857	36,492	2,521
CITYSIDE CANDY KISS FUND	1,647	1,265	388	2,524

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2017

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
CITYSIDE CHOIR	6,648	16,546	17,377	5,817
CITYSIDE DRAMA	11,952	20,645	20,056	12,541
CITYSIDE FIRST ROBOTICS	-	4,142	3,805	337
CITYSIDE JAGUAR SHOP	5,649	3,399	4,275	4,773
CITYSIDE ORCHESTRA	1,558	4,319	4,204	1,673
CITYSIDE ORCHESTRA RENTAL	2,456	872	240	3,088
CITYSIDE SKI CLUB	2,331	6,375	6,024	2,682
CITYSIDE STUDENT ACTIV.	9,416	27,464	30,416	6,464
CITYSIDE TRACK INVITATION	925	-	-	925
CLASS OF 2014	2,257	1	-	2,258
CLASS OF 2015	1	-	-	1
CLASS OF 2015	2,933	2	-	2,935
CLASS OF 2016	2,446	2	-	2,448
CLASS OF 2016	(207)	-	-	(207)
CLASS OF 2017	4,957	303	852	4,408
CLASS OF 2017	2,392	2,380	4,772	-
CLASS OF 2018	1,699	24,323	23,325	2,697
CLASS OF 2018	896	13,344	12,172	2,068
CLASS OF 2019	111	276	-	387
CLASS OF 2019	(1,500)	2,000	500	-
CLASS OF 2020	23	15	-	38
CLASS OF 2020	-	5,394	4,413	981
CMHAC - BE NICE	-	2,771	270	2,501
COLLEGE VISIT MINI GRANT	579	1,105	1,251	433
CONCESSIONS-JIM KAAT	3,261	15,896	15,638	3,519
CONTINUING ED SCHOLARSHIP	3,767	1,630	2,000	3,397
CREEKSIDE ADMINISTRATIVE	3,548	1,423	3,276	1,695
CREEKSIDE ART CLUB	9	77	74	12
CREEKSIDE BAND	3,002	20,256	23,013	245
CREEKSIDE BOOK FAIR	831	186	-	1,017
CREEKSIDE CHOIR	4,119	16,911	19,391	1,639
CREEKSIDE COUGAR STORE	2,983	1,577	2,011	2,549
CREEKSIDE COUNSELING	1,098	296	1,308	86
CREEKSIDE DRAMA	4,673	7,783	8,878	3,578
CREEKSIDE ORCHESTRA	2,526	3,443	3,884	2,085
CREEKSIDE STUDENT ACTIV.	(743)	15,961	12,812	2,406
CROSS COUNTRY/TRACK	1,025	3,264	4,466	(177)
CROSS COUNTRY/TRACK	250	750	-	1,000
CYRUS MULDER SCHOLARSHIP	5,427	2	2,000	3,429
DANCE TRIP	18,935	69,431	77,152	11,214
DAY OF YOUNG CHILD	(843)	1,790	94	853
DESTINATION IMAGINATION	332	-	-	332
DEYOUNG SMART BOARD	25	-	-	25
EARLY CHILDHOOD CENTER	480	-	-	480
ED FOUNDATION GRANT	5,114	22,097	24,510	2,701
ED FOUNDATION GRANT	2,708	8,147	1,965	8,890
ED FOUNDATION GRANT ADAMS	(351)	-	-	(351)
ED FOUNDATION GRANT CREEKSIDE	778	1,377	1,555	600
ED FOUNDATION GRANT LINCOLN	-	371	386	(15)
ED FOUNDATION GRANT NEW GRONING	730	1,656	711	1,675
ED FOUNDATION GRANT QUNICY	368	1,173	765	776
ED FOUNDATION GRANT ROOSEVELT	5,564	6,286	10,740	1,110
ED FOUNDATION GRANT WEST	6,119	14,098	16,538	3,679
ED FOUNDATION GRANT WOODBRIDGE	-	2,524	-	2,524
EDUCATION FOUNDATION	(63)	-	-	(63)
ELEMENTARY AUTHOR TIME	59	-	-	59

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2017

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
ELL SUMMER PROGRAM	250	-	-	250
EMPLOYEE DISABILITY FUND	6	-	-	6
EMPLOYER SOCIAL SECURITY	-	15	15	-
EXPLORATORY TEAM	1,454	186	443	1,197
FIELD TRIPS	2,019	1	-	2,020
FIELD TRIPS	9,280	18,549	17,658	10,171
FLOWER FUND	400	506	455	451
FLOWER FUND	(40)	629	352	237
FOOTBALL	4,742	16,440	17,102	4,080
FOOTBALL	6,901	36,755	38,881	4,775
FUEL UP TO PLAY	196	-	-	196
FUN NIGHT	-	10,339	9,090	1,249
FUND BALANCE	71	-	-	71
GIRLS BASKETBALL	2,788	14,219	15,550	1,457
GIRLS BASKETBALL	4,683	14,045	15,551	3,177
GIRLS SOCCER	451	5,364	6,053	(238)
GIRLS SOCCER	4,222	10,156	11,182	3,196
GIRLS SOFTBALL	1,247	4,430	3,380	2,297
GIRLS SOFTBALL	341	5,256	3,951	1,646
GIRLS TENNIS	2,027	5,889	3,511	4,405
GIRLS TENNIS	101	2,209	1,912	398
GIRLS TRACK	662	241	687	216
GLUPKER ORTHODONTICS SCHL	539	-	-	539
GOLF	1,663	9,751	7,233	4,181
GOLF	311	2,455	2,537	229
GRAPHIC DESIGN	726	4,367	2,759	2,334
GUIDANCE	81	2,500	2,500	81
IBOOKS GRANT- MACUL	19	-	-	19
J. HOWARD DEJONGE SCHP	246	-	-	246
JAXON BROWER CITYSIDE MS BD SCH	-	6,004	-	6,004
JAZZ BAND	3,047	1,558	4,605	-
JIM KAAT BOARDS	60,844	7,646	8,562	59,928
JUKEBOX JUNGLES-ORCHESTRA	3,886	3,916	1,949	5,853
K DENBLEYKER MEMORIAL	664	500	-	1,164
KAMER MART	620	-	-	620
KINDER CAMP	(334)	-	-	(334)
KINDER CAMP	325	-	-	325
KINDER CAMP	(2,716)	-	-	(2,716)
LACROSS	3,721	46,796	47,281	3,236
LADIES EDGE	175	-	-	175
LIBRARY - LOST BOOKS	963	9,097	9,080	980
LIBRARY DONATION	256	6,453	6,522	187
LIBRARY DONATION	189	10,234	9,632	791
LIBRARY FUND RAISING	1,317	-	-	1,317
LIBRARY FUND RAISING	2,561	2	-	2,563
LINC 5TH GRADE CAMP	2,698	14,724	7,190	10,232
LINCOLN ELEMENTARY	11,968	47,670	49,113	10,525
LINCOLN PARENT'S CLUB	855	24,788	25,085	558
LITTLE LEAGUE SPONSORS	(5,097)	7,757	5,514	(2,854)
MATH PENTATHLON	-	532	945	(413)
MATH PENTATHLON	1,649	52	-	1,701
MEMSPA	-	5,278	182	5,096
MIDDLE SCHOOL CLUBS	87	641	533	195
MIDDLE SCHOOL FOOTBALL	1,566	4,077	5,163	480
MPSERS CONTRIBUTION	-	53	53	-
MUSIC	-	500	-	500

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2017

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
N.G. CAMP	1,955	41,384	38,319	5,020
N.G. GENERAL	(4,141)	24,800	17,313	3,346
NORMA SNELLER SCHOLARSHIP	751	6,447	5,361	1,837
ORCHESTRA FUNDRAISER	2,624	9,119	6,979	4,764
ORCHESTRA REPAIRS	159	492	635	16
ORCHESTRA REPAIRS	2,057	974	1,453	1,578
PBIS	2,165	-	2,070	95
PBIS - CREEKSIDE	-	1,240	551	689
PERRIGO GRANT	2,554	3,002	3,000	2,556
POOL/CPR CLASSROOM SUPPLY	40	412	412	40
PUMPKIN RUN	509	-	-	509
QUINCY 5TH GRADE CAMP	2,883	16,838	17,887	1,834
QUINCY ELEMENTARY	3,899	11,781	12,025	3,655
REC COMMUNITY SERVICE	23,963	34,401	6,365	51,999
REDPOINT	7	-	-	7
RIDGEPOINT DONATION	-	6,524	9,788	(3,264)
ROBOTICS	3,207	3,919	3,860	3,266
ROOSEVELT 5TH GRADE CAMP	4,394	9,950	11,178	3,166
ROOSEVELT ELEMENTARY	(139)	1,798	1,402	257
SAFE ROUTE TO SCHOOL	1	-	-	1
SANDRA FLORES MEMORIAL	138	-	-	138
SCHOOL AND COMM SERVICE	8,666	6	-	8,672
SKI CLUB	(515)	450	744	(809)
SKI CLUB	189	-	-	189
SPANISH IMMERSION - 2ND GRADE	1,861	-	1,298	563
SPANISH IMMERSION SUMMER CAMP	-	1,651	-	1,651
SPECIAL ED	191	-	-	191
SPECIAL ED	316	-	-	316
SPECIAL ED ACTIVITY	2,668	359	584	2,443
SPECIAL ED CLASSROOM	2,642	1,830	1,813	2,659
SPECIAL EDUCATION	3,607	10,763	10,127	4,243
SPECIALS	580	-	-	580
SPORTS APPAREL	13	294	294	13
SPORTS APPAREL	312	12,992	13,169	135
SPORTS REVOLVING	19,044	71,677	86,016	4,705
SPORTS REVOLVING	22,585	54,199	62,221	14,563
SPRING PLAY	191	1,730	1,846	75
STUDENT ACTIVITY	1,555	10,103	6,706	4,952
STUDENT ACTIVITY	3,244	8,956	10,901	1,299
STUDENT COUNCIL	206	707	499	414
STUDENT COUNCIL	133	43	146	30
STUDENT GROUPS	5,415	1,780	2,259	4,936
STUDENT LEADERSHIP	(382)	382	-	-
STUDENT MISC	12,259	1,650	6,597	7,312
STUDENT SPECIAL ACTIVITY	1	-	-	1
STURGEON - BRAYMER	624	-	61	563
SUMMIT SCHOOL PRETTY LK	4,203	17	344	3,876
SWIM CLUB	1,649	7,371	8,131	889
SWIM CLUB CONCESSIONS	58,414	55,090	113,504	-
TECH INTEGRATION SEMINARS	(494)	-	-	(494)
THE EDGE - 2014	10,431	9,444	12,310	7,565
TRACK	342	610	605	347
TRACK	1,057	1,911	1,945	1,023
UAAL	-	23	23	-
US FIRST COMPETITION	7,549	48,031	49,917	5,663
USA SWIM	2,056	1	-	2,057

Zeeland Public Schools
AGENCY FUND - STUDENT ACTIVITIES
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND LIABILITIES BY ACTIVITY
Year Ended June 30, 2017

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
VARSITY CHEERLEADING	3,885	10,671	15,922	(1,366)
VARSITY CHEERLEADING	2,842	14,157	14,912	2,087
VOLLEYBALL	12,533	18,643	14,903	16,273
VOLLEYBALL	5,913	7,493	11,173	2,233
WETLANDS PAVILION PROJECT	4,328	-	3,129	1,199
WINTER WARRIORS	532	-	-	532
WOODBIDGE CAMP	6,837	27,445	26,674	7,608
WOODBIDGE ELEMENTARY	6,185	27,882	17,916	16,151
WRESTLING	2,343	5,009	4,922	2,430
WRESTLING	3,873	6,608	7,314	3,167
YAC GRANT	-	-	646	(646)
Z.A.C. FUND	2,158	320	1,261	1,217
ZAGS - AGE GROUP	671	382	302	751
ZEELAND PUBLIC PRESCHOOL	8,199	24,388	22,712	9,875
ZEELAND WEST YEARBOOK	7,979	26,013	33,506	486
ZEHS STAFF RETREAT	1,007	2,197	2,155	1,049
ZETA	3,414	4,321	5,801	1,934
ZHS ART CLUB	1,074	3,908	4,550	432
ZHS BAND ACCOUNT	211	145	-	356
ZHS BAND BOOSTERS	4,733	20,410	20,452	4,691
ZHS COMMUNICATION RETREAT	(1,152)	10,814	12,966	(3,304)
ZHS COMPUTER CLUB	5,236	5,464	3,301	7,399
ZHS COOP-DEHOOP	50	-	-	50
ZHS DANCE	16,412	86,904	85,043	18,273
ZHS DRAMA	12,676	72,826	72,540	12,962
ZHS EQUESTRIAN CLUB	112	2,275	1,190	1,197
ZHS EQUESTRIAN CLUB	725	1,159	1,338	546
ZHS GOLD STAR REPORTER	2,573	5,024	7,524	73
ZHS METAL SHOP	766	5,068	4,222	1,612
ZHS NATL HONOR SOCIETY	745	1,100	751	1,094
ZHS NATL HONOR SOCIETY	1,930	2,241	1,516	2,655
ZHS STEPPING STONE	1,330	30,853	26,475	5,708
ZHS STUDENT GOVERNMENT	9,302	9,985	13,681	5,606
ZHS STUDENT GOVERNMENT	4,673	15,216	16,181	3,708
ZHS SWIM - GIRLS	5,595	11,189	12,578	4,206
ZHS VOCAL MUSIC	2,920	17,124	19,325	719
ZHS WATER POLO	-	2,899	2,899	-
ZHS WATER POLO - BOYS	7,314	15,075	18,074	4,315
ZHS WATER POLO - GIRLS	-	4,644	-	4,644
ZHS WOOD SHOP	1,609	66,858	70,020	(1,553)
Z-LINKS	191	1,535	192	1,534
Z-QUEST DONATIONS	18,699	21,513	39,206	1,006
ZWHS STAFF RETREAT	-	972	770	202
ZYDC-FUNDRAISERS	24,049	46,949	49,030	21,968
	<u>\$ 817,481</u>	<u>\$ 2,508,977</u>	<u>\$ 2,561,398</u>	<u>\$ 765,060</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2017

Fiscal Year Ended June 30	2010 Building and Site Bonds				2010 Refunding Bonds				2012 Refunding Bonds			
	\$20,275,000 General Obligation Bonds				\$5,260,000 Refunding Bonds				\$21,745,000 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
2018	4.000%	\$ 475,000	\$ 738,456	\$ 1,213,456	4.000%	\$ 490,000	\$ 89,575	\$ 579,575	4.000%	\$ 1,170,000	\$ 667,056	\$ 1,837,056
2019	5.000%	525,000	719,456	1,244,456	4.000%	485,000	69,975	554,975	4.000%	1,210,000	620,256	1,830,256
2020	5.000%	575,000	693,206	1,268,206	4.000%	480,000	50,575	530,575	4.000%	1,260,000	571,856	1,831,856
2021	4.000%	625,000	664,456	1,289,456	3.250%	470,000	31,375	501,375	5.000%	1,315,000	521,456	1,836,456
2022	4.000%	925,000	639,456	1,564,456	3.500%	460,000	16,100	476,100	4.000%	1,390,000	455,706	1,845,706
2023	4.000%	1,250,000	602,456	1,852,456	-	-	-	-	4.000%	1,380,000	400,106	1,780,106
2024	4.000%	1,350,000	552,456	1,902,456	-	-	-	-	3.000%	1,455,000	344,906	1,799,906
2025	4.000%	1,750,000	498,456	2,248,456	-	-	-	-	3.000%	1,820,000	301,256	2,121,256
2026	4.125%	1,825,000	428,456	2,253,456	-	-	-	-	3.125%	1,870,000	246,656	2,116,656
2027	4.200%	1,900,000	353,175	2,253,175	-	-	-	-	3.125%	1,915,000	188,219	2,103,219
2028	4.500%	1,975,000	273,375	2,248,375	-	-	-	-	3.250%	1,960,000	128,375	2,088,375
2029	4.500%	2,050,000	184,500	2,234,500	-	-	-	-	3.250%	1,990,000	64,675	2,054,675
2030	4.500%	2,050,000	92,250	2,142,250	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
		<u>\$ 17,275,000</u>	<u>\$ 6,440,156</u>	<u>\$ 23,715,156</u>		<u>\$ 2,385,000</u>	<u>\$ 257,600</u>	<u>\$ 2,642,600</u>		<u>\$ 18,735,000</u>	<u>\$ 4,510,525</u>	<u>\$ 23,245,525</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2017

Fiscal Year Ended June 30	2015 Refunding Bonds				2015 School Building and Site Bonds, Series A				2017 Refunding Bonds			
	\$25,055,000 Refunding Bonds				\$38,250,000 General Obligation Bonds				\$8,065,000 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
2018	5.000%	\$ 2,040,000	\$ 1,081,000	\$ 3,121,000	4.000%	\$ 775,000	\$ 1,852,250	\$ 2,627,250	4.000%	\$ 1,190,000	\$ 397,873	\$ 1,587,873
2019	5.000%	2,210,000	979,000	3,189,000	5.000%	325,000	1,821,250	2,146,250	4.000%	1,250,000	275,000	1,525,000
2020	5.000%	2,390,000	868,500	3,258,500	5.000%	350,000	1,805,000	2,155,000	4.000%	1,220,000	225,000	1,445,000
2021	5.000%	2,580,000	749,000	3,329,000	5.000%	375,000	1,787,500	2,162,500	4.000%	1,195,000	176,200	1,371,200
2022	5.000%	2,780,000	620,000	3,400,000	5.000%	375,000	1,768,750	2,143,750	4.000%	930,000	128,400	1,058,400
2023	5.000%	2,980,000	481,000	3,461,000	5.000%	400,000	1,750,000	2,150,000	4.000%	1,155,000	91,200	1,246,200
2024	5.000%	3,130,000	332,000	3,462,000	5.000%	425,000	1,730,000	2,155,000	4.000%	1,125,000	45,000	1,170,000
2025	5.000%	3,510,000	175,500	3,685,500	5.000%	850,000	1,708,750	2,558,750		-	-	-
2026		-	-	-	5.000%	1,850,000	1,666,250	3,516,250		-	-	-
2027		-	-	-	5.000%	1,950,000	1,573,750	3,523,750		-	-	-
2028		-	-	-	5.000%	2,075,000	1,476,250	3,551,250		-	-	-
2029		-	-	-	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>\$ 21,620,000</u>	<u>\$ 5,286,000</u>	<u>\$ 26,906,000</u>		<u>\$ 37,200,000</u>	<u>\$ 24,767,250</u>	<u>\$ 61,967,250</u>		<u>\$ 8,065,000</u>	<u>\$ 1,338,673</u>	<u>\$ 9,403,673</u>

Zeeland Public Schools
SCHEDULE OF BONDED INDEBTEDNESS
Year Ended June 30, 2017

Fiscal Year Ended June 30	Total Bonded Indebtedness		
	Principal Due	Interest Due	Total Due
2018	\$ 6,140,000	\$ 4,826,211	\$ 10,966,211
2019	6,005,000	4,484,938	10,489,938
2020	6,275,000	4,214,138	10,489,138
2021	6,560,000	3,929,988	10,489,988
2022	6,860,000	3,628,413	10,488,413
2023	7,165,000	3,324,763	10,489,763
2024	7,485,000	3,004,363	10,489,363
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>\$ 105,280,000</u>	<u>\$ 42,600,204</u>	<u>\$ 147,880,204</u>



**Federal Awards
Single Audit Report
Year Ended June 30, 2017**



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

**Zeeland Public Schools
SINGLE AUDIT
Year Ended June 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

October 31, 2017

Board of Education
Zeeland Public Schools
Zeeland, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Zeeland Public Schools' basic financial statements and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2017-001]

Compliance and Other Matters

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

Zeeland Public Schools' Response to Findings

Zeeland Public Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Zeeland Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kiekover, Scholma & Shumaker, PC

Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 31, 2017

Board of Education
Zeeland Public Schools
Zeeland, Michigan

Report on Compliance for Each Major Federal Program

We have audited Zeeland Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Zeeland Public Schools' major federal programs for the year ended June 30, 2017. Zeeland Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Zeeland Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Zeeland Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Zeeland Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Zeeland Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Zeeland Public Schools' basic financial statements. We issued our report thereon dated October 31, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Purpose of this Report

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

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

Zeeland Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Pass-Through Grantor's Number	Approved Grant Award Amount	(Memo Only) Prior Years Expenditures	Accrued (Deferred) Revenue July 1, 2016	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2017
<u>U.S. Department of Education</u>								
Passed through Michigan Department of Education								
Adult Basic Literacy Program - State Administered Program								
	84.002	161120	\$ 30,000	\$ 30,000	\$ 44	\$ 44	\$ -	\$ -
Subrecipient of Holland Public Schools	84.002	161120	16,000	16,000	2,521	2,521	-	-
	84.002	161130	117,000	117,000	37,169	37,169	-	-
Subrecipient of Holland Public Schools	84.002	161130	78,000	78,000	25,022	25,022	-	-
	84.002	161190	82,000	82,000	23,822	23,822	-	-
	84.002	171120	30,000	-	-	9,577	30,000	20,423
Subrecipient of Holland Public Schools	84.002	171120	16,000	-	-	4,739	16,000	11,261
	84.002	171130	117,940	-	-	39,347	117,940	78,593
Subrecipient of Holland Public Schools	84.002	171130	60,000	-	-	21,497	60,000	38,503
	84.002	171190	<u>82,000</u>	<u>-</u>	<u>-</u>	<u>16,880</u>	<u>82,000</u>	<u>65,120</u>
Total ABE Cluster			<u>628,940</u>	<u>323,000</u>	<u>88,578</u>	<u>180,618</u>	<u>305,940</u>	<u>213,900</u>
Title I, Part A	84.010	161530-1516	411,383	399,701	150,556	150,691	135	-
	84.010	171530-1617	<u>379,448</u>	<u>-</u>	<u>-</u>	<u>113,661</u>	<u>359,500</u>	<u>245,839</u>
Total Title I, Part A			<u>790,831</u>	<u>399,701</u>	<u>150,556</u>	<u>264,352</u>	<u>359,635</u>	<u>245,839</u>
Title III English Language Acquisition	84.365	150580-1415	71,989	27,212	27,212	59,507	32,295	-
	84.365	160580-1516	<u>102,909</u>	<u>-</u>	<u>-</u>	<u>8,488</u>	<u>23,954</u>	<u>15,466</u>
Total Title III Language Acquisition			<u>174,898</u>	<u>27,212</u>	<u>27,212</u>	<u>67,995</u>	<u>56,249</u>	<u>15,466</u>
Title II, Part A - Improving Teacher Quality	84.367	160520-1516	140,119	131,218	47,656	47,656	8,901	8,901
	84.367	170520-1617	<u>130,618</u>	<u>-</u>	<u>-</u>	<u>48,454</u>	<u>91,560</u>	<u>43,106</u>
Total Title II, Part A - Improving Teacher Quality			<u>270,737</u>	<u>131,218</u>	<u>47,656</u>	<u>96,110</u>	<u>100,461</u>	<u>52,007</u>
Total passed through MDE			<u>1,865,406</u>	<u>881,131</u>	<u>314,002</u>	<u>609,075</u>	<u>822,285</u>	<u>527,212</u>
Passed through Ottawa Area I.S.D.								
Title I, Part D	84.013	111705-1516	41,899	19,773	19,773	19,773	-	-
	84.013	111705-1617	<u>50,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,120</u>	<u>29,120</u>
Total Title I, Part D			<u>92,510</u>	<u>19,773</u>	<u>19,773</u>	<u>19,773</u>	<u>29,120</u>	<u>29,120</u>
ARRA McKinney Vento Homeless Children and Youth	84.196A	162320-1516	<u>567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567</u>	<u>567</u>

See accompanying notes to schedule of expenditures of federal awards

Zeeland Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Pass-Through Grantor's Number	Approved Grant Award Amount	(Memo Only) Prior Years Expenditures	Accrued (Deferred) Revenue July 1, 2016	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2017
Special Education Cluster								
IDEA Flowthrough	84.027	160450-1516	1,216,743	1,216,743	488,686	488,686	-	-
IDEA Flowthrough	84.027	170450-1617	1,297,172	-	-	764,023	1,297,172	533,149
IDEA Preschool Incentive	84.173	160460-1516	28,325	28,325	12,244	12,244	-	-
IDEA Preschool Incentive	84.173	170460-1617	31,436	-	-	18,376	31,436	13,060
Total Special Education Cluster			<u>2,573,676</u>	<u>1,245,068</u>	<u>500,930</u>	<u>1,283,329</u>	<u>1,328,608</u>	<u>546,209</u>
Medicaid Outreach	93.778	N/A	7,421	7,421	1,612	1,612	-	-
Medicaid Outreach	93.778	N/A	7,225	-	-	7,225	7,225	-
Total Medicaid Outreach			<u>14,646</u>	<u>7,421</u>	<u>1,612</u>	<u>8,837</u>	<u>7,225</u>	<u>-</u>
Total passed through OAISD			<u>2,673,978</u>	<u>1,264,841</u>	<u>522,315</u>	<u>1,311,939</u>	<u>1,365,520</u>	<u>575,896</u>
Total Department of Education			<u>4,539,384</u>	<u>2,145,972</u>	<u>836,317</u>	<u>1,921,014</u>	<u>2,187,805</u>	<u>1,103,108</u>
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster:								
Non-Cash Assistance (Donated Foods)								
National School Lunch - Entitlement	10.555		<u>108,794</u>	<u>103,848</u>	<u>(2,510)</u>	<u>114,370</u>	<u>107,100</u>	<u>(9,780)</u>
Cash Assistance								
School Breakfast Program	10.553	161970	7,596	-	-	7,596	7,596	-
School Breakfast Program	10.553	171970	67,037	-	-	64,830	67,037	2,207
National School Lunch Program	10.555	161960	64,894	-	-	64,894	64,894	-
National School Lunch Program	10.555	171960	516,188	-	-	499,775	516,188	16,413
Summer Food Service Program	10.559	160900	3,067	1,738	1,738	3,067	1,329	-
Total Cash Assistance			<u>658,782</u>	<u>1,738</u>	<u>1,738</u>	<u>640,162</u>	<u>657,044</u>	<u>18,620</u>
Total Child Nutrition Cluster			<u>767,576</u>	<u>105,586</u>	<u>(772)</u>	<u>754,532</u>	<u>764,144</u>	<u>8,840</u>
Total Federal Assistance			<u>\$ 5,306,960</u>	<u>\$ 2,251,558</u>	<u>\$ 835,545</u>	<u>\$ 2,675,546</u>	<u>\$ 2,951,949</u>	<u>\$ 1,111,948</u>

See accompanying notes to schedule of expenditures of federal awards

Zeeland Public Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal award activity of Zeeland Public Schools under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of Zeeland Public Schools, it is not intended to and does not present the financial position or changes in financial position of Zeeland Public Schools.
2. Summary of Significant Accounting Policies – Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented when available. Zeeland Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the uniform guidance.
3. Special Education Cluster (CFDA #'s 84.027 and 84.173) and Child Nutrition Cluster (CFDA #'s 10.553, 10.555 and 10.559) were audited as major programs, and represented 70.89% of expenditures of federal awards.
4. Management has utilized the Cash Management System (CMS) and the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.
5. Reconciliation of federal revenues reported in the financial statements, with expenditures per the Schedule of Expenditures of Federal Awards:

Federal revenues per financial statements:

General fund	\$ 2,187,805
Other nonmajor governmental funds	<u>764,144</u>
Total	<u><u>\$ 2,951,949</u></u>

6. Non-cash assistance is reported in the schedule at the fair market value of donated food commodities received and disbursed. The District received \$114,370 of donated foods for the year. At June 30, 2017 and 2016, the District reported food commodities totaling \$9,780 and \$2,510 in inventory, respectively. Accordingly, \$107,100 of donated food commodities has been recorded as federal award expenditures for the year ended June 30, 2017.

Zeeland Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<i>Unmodified</i>	
Internal controls over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> No

Federal Awards

Internal controls over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	<i>Unmodified</i>	
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	<u> </u> yes	<u> X </u> No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
84.027, 84.173	Special Education Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> No

Zeeland Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

B. Findings – Financial Statements Audit

2017-001 – Considered a Material Weakness

Criteria: Management is responsible for financial reporting in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: During our audit, we identified a material misstatement resulting from incorrect allocation of tax settlement amounts between funds.

Cause and Effect: The District improperly allocated prior years' tax repayments based on each fund's millage rates as a percentage of the total millage levied. As a result of this condition, the District's accounting records were initially misstated by amounts that were material to the financial statements.

Recommendation: Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustments.

View of Responsible Officials and Planned Corrective Actions: The District is in agreement with the above and has taken appropriate corrective action by reviewing and approving the proposed audit adjustments.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

Zeeland Public Schools
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

Findings – Financial Statements Audit

2016-001 – Considered a Material Weakness

Criteria: Management is responsible for financial reporting in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: Material adjustments were necessary to adjust accounts payable to appropriate balances at year-end.

Cause and Effect: The District currently has procedures in place to identify accounts payable at year-end. However, for the District's 2015 Construction Fund, the District did not follow these procedures as designed, and did not identify certain accounts payable at year-end.

Recommendation: We recommend that the District follow their established accounts payable cut-off procedures for all funds.

View of Responsible Officials and Planned Corrective Actions: The District is in agreement with the above recommendations and will follow their established accounts payable cut-off procedures for the 2015 Construction Fund, as they do with all of their other funds.

Status: This finding was adequately resolved.



October 31, 2017

Board of Education
Zeeland Public Schools
Zeeland, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Public Schools for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*, and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 21, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Zeeland Public Schools are described in Note 1 to the financial statements. During 2016-2017, the District implement Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to this matter. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation expense is based on the length of time it is believed that depreciable capital assets will provide economic benefit to the District. We evaluated the key factors and assumptions used to develop estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The net pension liability and information included in the financial statements is based on the actuarial assumptions as listed in the actuarial valuation report for the Michigan Public Schools Employee Retirement Plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: 1) adjustment to allocation of property tax repayments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplemental information, which accompany the basic financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of Zeeland Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC