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Annual Financial Report  
Year Ended June 30, 2017



# **Jenison Public Schools**

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Annual Financial Report  
Year Ended June 30, 2017

# Jenison Public Schools

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## Independent Auditor's Report

Board of Education  
Jenison Public Schools  
Jenison, 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 Jenison 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 Jenison Public Schools as of June 30, 2017, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9 through 15, and the other required supplementary information identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining individual fund financial statements and schedules, and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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. Such 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 combining, individual fund financial statements and schedules, and the schedule of expenditures of federal awards are 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 *Governmental Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of Jenison Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

*BDO USA, LLP*

October 10, 2017

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# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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As management of Jenison Public Schools (the District), we offer this narrative overview and analysis of the financial activities of Jenison Public Schools for the year ended June 30, 2017. Accounting principles generally accepted in the United States of America (U.S. GAAP) require the reporting of two types of financial statements: the District-Wide Financial Statements and the Fund Financial Statements.

### District-Wide Financial Statements

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

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

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

### Fund Financial Statements

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

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

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

# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

### Summary of Net Position

The following schedule summarizes the net position at June 30, 2017 and 2016:

	2017	2016
<b>Assets</b>		
Current assets	\$ 39,111,230	\$ 39,820,093
Capital assets, net of accumulated depreciation	48,370,373	46,304,538
<b>Total Assets</b>	<b>87,481,603</b>	<b>86,124,631</b>
<b>Deferred Outflows of Resources</b>		
Deferred interest on refunding	730,057	831,781
Related to pensions	12,025,942	7,765,246
<b>Total Deferred Outflows of Resources</b>	<b>12,755,999</b>	<b>8,597,027</b>
<b>Liabilities</b>		
Current liabilities	14,359,998	12,930,533
Noncurrent liabilities	147,195,240	147,238,542
<b>Total Liabilities</b>	<b>161,555,238</b>	<b>160,169,075</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	2,847,280	2,250,322
<b>Net Position</b>		
Net investment in capital assets	(2,976,708)	(4,461,677)
Restricted for debt retirement	328,200	280,943
Restricted for food service	729,431	759,573
Unrestricted	(62,245,839)	(64,276,578)
<b>Total Net Position</b>	<b>\$ (64,164,916)</b>	<b>\$ (67,697,739)</b>

### Capital Assets and Long-Term Debt

#### *Capital Assets*

By the end of the 2016-17 fiscal year, the District had invested approximately \$48.4 million, net of accumulated depreciation, in a broad range of capital assets including school buildings and facilities, site improvements, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to approximately \$2.2 million, bringing accumulated depreciation to \$57.5 million as of June 30, 2017.

# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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### Capital Assets at June 30 (Net of Accumulated Depreciation)

	2017	2016
Land	\$ 553,166	\$ 553,166
Buildings and improvements	41,176,450	42,732,656
Machinery, equipment and furniture	2,335,389	2,434,834
Transportation equipment	1,142,114	550,957
Software	2,700	3,600
Construction in process	3,160,554	29,325
	<hr/> <b>\$ 48,370,373</b>	<hr/> <b>\$ 46,304,538</b>

### *Long-Term Obligations*

At June 30, 2017, the District had approximately \$73.8 million in long-term obligations outstanding. This represents a decrease of approximately \$4.6 million over the amount outstanding at the close of the prior fiscal year. The decrease resulted from scheduled bond payments during the year.

For more detailed information regarding capital assets and long-term obligations, please review the Notes to Financial Statements located in the financial section of this report.

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# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

### Results of Operations

For the fiscal years ended June 30, 2017 and 2016, the results of operations on a District-wide basis were:

	2017	2016	Percent Change
<b>Revenues</b>			
General revenues:			
Property taxes levied for general purposes	\$ 2,842,101	\$ 2,733,544	4.0 %
Property taxes levied for debt service	6,928,920	6,746,422	2.7
Unrestricted state aid	33,999,928	32,699,960	4.0
Investment earnings	444,346	69,008	543.9
Other	10,645	3,439	209.5
<b>Total general revenues</b>	<b>44,225,940</b>	<b>42,252,373</b>	<b>4.7</b>
Program revenues:			
Charges for services	3,821,706	3,731,550	2.4
Operating grants and contributions	15,622,415	13,049,744	18.9
<b>Total program revenues</b>	<b>19,444,121</b>	<b>16,781,294</b>	<b>15.3</b>
<b>Total Revenues</b>	<b>63,670,061</b>	<b>59,033,667</b>	<b>5.1</b>
<b>Expenses</b>			
Instruction	33,705,458	34,067,797	(1.1)
Support services	15,688,014	14,587,544	8.3
Community services	1,814,740	1,455,438	24.7
Food service	3,166,017	2,868,296	10.4
Interest on long-term debt	3,536,313	2,690,357	31.4
Unallocated depreciation	2,226,696	2,094,475	6.3
Bond issuance costs	-	290,112	
<b>Total Expenses</b>	<b>60,137,238</b>	<b>58,054,019</b>	<b>3.6</b>
<b>Change in Net Position</b>	<b>3,532,823</b>	<b>979,648</b>	
<b>Net Position, beginning of year</b>	<b>(67,697,739)</b>	<b>(68,677,387)</b>	
<b>Net Position, end of year</b>	<b>\$(64,164,916)</b>	<b>\$ (67,697,739)</b>	

# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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### Analysis of Significant Revenues and Expenditures

Significant revenues and expenditures are discussed in the segments below.

#### *State Sources*

The District is funded predominately by state aid. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior year's spring count. Blended state aid membership was 4,995 and 4,902 in 2016-17 and 2015-16, respectively. The state per-pupil allocation for 2016-17 and 2015-16 was \$7,511 and \$7,391, respectively.

#### *Student Enrollment*

The following schedule compares FTE for the blended student enrollment for the past five fiscal years:

<i>Fiscal year</i>	Actual Blended Student FTE	Increase (Decrease)
2016-17	4,995	93
2015-16	4,902	59
2014-15	4,843	61
2013-14	4,782	(11)
2012-13	4,793	93

#### *Property Taxes*

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property's market value.

For the 2016-17 fiscal year, the District's non-homestead property tax collections were approximately \$2.8 million. This is a 4.0% increase from the prior year.

The District levies 8.5 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount collected for debt retirement in the current year was approximately \$6.9 million. This is a 2.7% increase from the prior year.

#### *General Fund Budgetary Highlights*

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

For the 2016-17 fiscal year, the District amended the General Fund budget two times, with the Board adopting the changes in February and June 2017. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Total Revenues and Other</b>				
<b>Financing Sources</b>	\$ 51,432,558	\$ 53,025,711	\$ 52,959,730	\$ (65,981)
<b>Expenditures and Other</b>				
<b>Financing Uses</b>				
Instruction	\$ 34,376,173	\$ 33,510,604	\$ 33,199,688	\$ 310,916
Support services	15,361,329	16,200,916	15,701,667	499,249
Community services	1,644,331	1,772,201	1,794,359	(22,158)
<b>Total Expenditures and</b>				
<b>Other Financing Uses</b>	\$ 51,381,833	\$ 51,483,721	\$ 50,695,714	\$ 788,007

The variances between the actual General Fund expenditures and the original and final expenditure budgets are due primarily to the significant changes between original and final budget. Each year the original budget is based on preliminary, unconfirmed information provided by the state as well as estimated pupil counts not confirmed until count day each fall.

Overall, the General Fund increased its fund balance by \$2.3 million.

### Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Similar to other employers, the District faces pressure related to employee benefit costs. Healthcare cost increases have been mitigated by health plan and benefit level changes, combined with increased employee contributions; however, healthcare cost pressures remain a concern in our labor-intensive organization.
- The District is part of a statewide multi-employer defined benefit pension plan. Recent pension reform enacted at the state level includes as goals the limiting of future rate increases and a reduction in the plan's unfunded liability.
- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores are compared from year to year, with the results being tabulated by school building and by district. Yearly progress of students will be more important as certain portions of funding are tied to it.
- Economic conditions in Michigan continue to pose a challenge for the District. Limited economic growth makes it difficult to maintain a structural financial balance while maintaining education programming.

# Jenison Public Schools

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2017

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### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Director of Finance & Operations, Christine Marcy, Jenison Public Schools, 8375 20<sup>th</sup> Avenue, Jenison, Michigan 49428.

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## District-Wide Financial Statements

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**Jenison Public Schools**  
**District-Wide Financial Statements**  
**Statement of Net Position**

<i>June 30, 2017</i>	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments (Note 2)	\$ 30,757,084
Accrued interest	7,661
Accounts receivable	92,206
Due from other governmental units (Note 4)	8,097,713
Inventories	75,458
Prepaid expenses	81,108
<b>Total current assets</b>	<b>39,111,230</b>
<b>Noncurrent Assets</b>	
Land and construction in process (Note 5)	3,713,720
Depreciable capital assets, net (Note 5)	44,656,653
<b>Total noncurrent assets</b>	<b>48,370,373</b>
<b>Total Assets</b>	<b>87,481,603</b>
<b>Deferred Outflows of Resources</b>	
Deferred interest on refunding	730,057
Related to pensions (Note 7)	12,025,942
<b>Total Deferred Outflows of Resources</b>	<b>12,755,999</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	1,660,313
Accrued payroll	6,474,409
Accrued interest	544,114
Due to other governmental units (Note 4)	617,741
Unearned revenue	183,698
Current portion of long-term obligations (Notes 6 and 9)	4,879,723
<b>Total current liabilities</b>	<b>14,359,998</b>
<b>Noncurrent Liabilities</b>	
Long-term obligations (Notes 6 and 9)	68,871,183
Net pension liability (Note 7)	78,324,057
<b>Total noncurrent liabilities</b>	<b>147,195,240</b>
<b>Total Liabilities</b>	<b>161,555,238</b>
<b>Deferred Inflows of Resources</b>	
Related to pensions (Note 7)	2,847,280
<b>Net Position</b>	
Net investment in capital assets	(2,976,708)
Restricted for debt retirement	328,200
Restricted for food service	729,431
Unrestricted	(62,245,839)
<b>Total Net Position</b>	<b>\$ (64,164,916)</b>

*See accompanying notes to financial statements.*

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**Jenison Public Schools**  
**District-Wide Financial Statements**  
**Statement of Activities**

<i>Year ended June 30, 2017</i>	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total
<b>Governmental Activities</b>				
Instruction:				
Basic programs	\$ 26,241,788	\$ -	\$ 2,129,805	\$ (24,111,983)
Special education	6,127,469	296,399	8,419,412	2,588,342
Other instruction	1,336,201	-	1,120,999	(215,202)
Support services:				
Student services	2,556,880	-	162,495	(2,394,385)
Instructional staff	1,439,104	-	482,701	(956,403)
General administration	659,894	-	36,220	(623,674)
School administration	2,864,763	-	386,982	(2,477,781)
Business office	638,241	-	62,686	(575,555)
Operations and maintenance	3,260,809	-	70,350	(3,190,459)
Student transportation	1,736,216	-	120,806	(1,615,410)
Athletics	1,222,079	189,057	-	(1,033,022)
Other support services	1,310,028	-	151,303	(1,158,725)
Community services	1,814,740	1,722,553	213,701	121,514
Food service	3,166,017	1,613,697	1,518,600	(33,720)
Interest on long-term debt	3,536,313	-	746,355	(2,789,958)
Unallocated depreciation	2,226,696	-	-	(2,226,696)
<b>Total School District</b>	<b>\$ 60,137,238</b>	<b>\$ 3,821,706</b>	<b>\$ 15,622,415</b>	<b>(40,693,117)</b>
General revenues:				
Property taxes levied for general purposes				2,842,101
Property taxes levied for debt service				6,928,920
Unrestricted state aid				33,999,928
Investment earnings				444,346
Other				10,645
<b>Total general revenues</b>				<b>44,225,940</b>
Change in net position				3,532,823
<b>Net Position, beginning of year</b>				<b>(67,697,739)</b>
<b>Net Position, end of year</b>				<b>\$ (64,164,916)</b>

*See accompanying notes to financial statements.*

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## Fund Financial Statements

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# Jenison Public Schools

## Governmental Funds Balance Sheet

<i>June 30, 2017</i>	General	2016 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 2)	\$ 6,516,571	\$ 21,993,998	\$ 2,246,515	\$ 30,757,084
Accounts receivable	92,206	-	-	92,206
Interest receivable	-	7,661	-	7,661
Due from other funds (Note 3)	-	-	1,364	1,364
Due from other governmental units (Note 4)	8,030,356	-	67,357	8,097,713
Inventories	32,780	-	42,678	75,458
Prepaid expenditures	81,108	-	-	81,108
<b>Total Assets</b>	<b>\$ 14,753,021</b>	<b>\$ 22,001,659</b>	<b>\$ 2,357,914</b>	<b>\$ 39,112,594</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 156,428	\$ 1,503,578	\$ 307	\$ 1,660,313
Accrued payroll	6,443,856	-	30,553	6,474,409
Due to other funds (Note 3)	1,364	-	-	1,364
Due to other governmental units (Note 4)	617,741	-	-	617,741
Unearned revenue	75,070	-	108,628	183,698
<b>Total liabilities</b>	<b>7,294,459</b>	<b>1,503,578</b>	<b>139,488</b>	<b>8,937,525</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventories	32,780	-	42,678	75,458
Prepaid expenditures	81,108	-	-	81,108
Restricted:				
Capital projects	-	20,498,081	-	20,498,081
Debt retirement	-	-	872,314	872,314
Food service	-	-	686,753	686,753
Assigned:				
Jenison International Academy programming	351,605	-	-	351,605
Capital projects	-	-	616,681	616,681
Unassigned in General Fund	6,993,069	-	-	6,993,069
<b>Total fund balances</b>	<b>7,458,562</b>	<b>20,498,081</b>	<b>2,218,426</b>	<b>30,175,069</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,753,021</b>	<b>\$ 22,001,659</b>	<b>\$ 2,357,914</b>	<b>\$ 39,112,594</b>

*See accompanying notes to financial statements.*

# Jenison Public Schools

## Reconciliation of Fund Balance of Governmental Funds to Net Position on the Statement of Net Position

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June 30, 2017

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Total fund balances - total governmental funds (from page 25) \$ 30,175,069

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, therefore, are not reported in the funds. These assets consist of:

Capital assets, at cost	\$ 105,827,680	
Accumulated depreciation	<u>(57,457,307)</u>	
Net capital assets		48,370,373

Deferred outflows are not available resources and, therefore, not reported in the funds.

Deferred interest from refunding	730,057	
Deferred outflows of resources - related to pensions	12,025,942	
Deferred inflows of resources - related to pensions	<u>(2,847,280)</u>	
		9,908,719

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Balances are as follows:

Bonds payable	(67,100,000)	
Early retirement incentive payable	(962,606)	
Compensated absences	(246,892)	
Capital lease payable	(132,227)	
Bond premium, net	(5,309,181)	
Accrued interest on bonds and notes	(544,114)	
Net pension liability	<u>(78,324,057)</u>	
Total long-term liabilities		<u>(152,619,077)</u>

Net Position of Governmental Activities \$ (64,164,916)

See accompanying notes to financial statements.

# Jenison Public Schools

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended June 30, 2017</i>	General	2016 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources:				
Property taxes	\$ 2,842,101	\$ -	\$ 6,928,920	\$ 9,771,021
Interdistrict	5,362,705	-	-	5,362,705
Other local	2,235,022	162,707	1,639,613	4,037,342
State sources	41,323,627	-	243,591	41,567,218
Federal sources	1,127,775	-	2,021,364	3,149,139
<b>Total revenues</b>	<b>52,891,230</b>	<b>162,707</b>	<b>10,833,488</b>	<b>63,887,425</b>
<b>Expenditures</b>				
Instruction	33,199,688	-	-	33,199,688
Support services	15,701,667	-	-	15,701,667
Community services	1,794,359	-	-	1,794,359
Food service	-	-	3,095,294	3,095,294
Debt retirement:				
Redemption of principal	-	-	4,225,000	4,225,000
Interest and fiscal charges	-	-	3,258,787	3,258,787
Capital projects	-	4,272,371	79,560	4,351,931
<b>Total expenditures</b>	<b>50,695,714</b>	<b>4,272,371</b>	<b>10,658,641</b>	<b>65,626,726</b>
Excess (deficiency) of revenues over expenditures	2,195,516	(4,109,664)	174,847	(1,739,301)
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 3)	68,500	-	628,394	696,894
Transfers out (Note 3)	-	(300,310)	(396,584)	(696,894)
<b>Total other financing sources (uses)</b>	<b>68,500</b>	<b>(300,310)</b>	<b>231,810</b>	<b>-</b>
Net change in fund balances	2,264,016	(4,409,974)	406,657	(1,739,301)
<b>Fund Balances, beginning of year</b>	<b>5,194,546</b>	<b>24,908,055</b>	<b>1,811,769</b>	<b>31,914,370</b>
<b>Fund Balances, end of year</b>	<b>\$ 7,458,562</b>	<b>\$ 20,498,081</b>	<b>\$ 2,218,426</b>	<b>\$ 30,175,069</b>

*See accompanying notes to financial statements.*

## Jenison 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 (from page 27)		\$ (1,739,301)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital asset additions	\$ 4,292,531	
Depreciation expense	<u>(2,226,696)</u>	
Net effect of capital outlays		2,065,835
<p>Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal payments		4,225,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization	137,631	
Accrued interest	(168,651)	
Early retirement incentive payable	25,249	
Compensated absences	(6,650)	
Capital lease principal	108,852	
Pension related items	<u>(658,423)</u>	
Net effect of long-term liabilities		<u>(561,992)</u>
<p>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:</p>		
State aid funding for pension		(456,719)
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 3,532,823</u></b>

*See accompanying notes to financial statements.*

# Jenison Public Schools

## General Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual

<i>Year ended June 30, 2017</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources:				
Property taxes	\$ 2,884,067	\$ 2,806,561	\$ 2,842,101	\$ 35,540
Interdistrict	5,360,126	5,339,596	5,362,705	23,109
Other local	2,044,400	2,145,791	2,235,022	89,231
State sources	39,958,781	41,546,187	41,323,627	(222,560)
Federal sources	1,135,184	1,137,576	1,127,775	(9,801)
<b>Total revenues</b>	<b>51,382,558</b>	<b>52,975,711</b>	<b>52,891,230</b>	<b>(84,481)</b>
<b>Expenditures</b>				
Instruction:				
Regular	27,161,235	25,851,821	25,626,140	225,681
Special education	6,698,481	6,257,420	6,201,749	55,671
Compensatory education	92,409	824,610	810,872	13,738
Vocational education	424,048	576,753	560,927	15,826
<b>Total instruction</b>	<b>34,376,173</b>	<b>33,510,604</b>	<b>33,199,688</b>	<b>310,916</b>
Support services:				
Student services	2,496,948	2,374,884	2,360,705	14,179
Instructional staff	1,389,197	1,732,660	1,436,963	295,697
General administration	661,099	701,023	664,625	36,398
School administration	2,896,093	2,905,848	2,859,763	46,085
Business office	684,776	644,156	635,268	8,888
Operations and maintenance	3,296,212	3,427,874	3,379,439	48,435
Student transportation	1,493,655	1,778,312	1,761,879	16,433
Athletics	1,216,176	1,238,437	1,222,079	16,358
Other support services	1,227,173	1,397,722	1,380,946	16,776
<b>Total support services</b>	<b>15,361,329</b>	<b>16,200,916</b>	<b>15,701,667</b>	<b>499,249</b>
Community services	1,644,331	1,772,201	1,794,359	(22,158)
<b>Total expenditures</b>	<b>51,381,833</b>	<b>51,483,721</b>	<b>50,695,714</b>	<b>788,007</b>
Excess of revenues over expenditures	725	1,491,990	2,195,516	703,526
<b>Other Financing Source</b>				
Transfers in	50,000	50,000	68,500	18,500
Change in fund balance	50,725	1,541,990	2,264,016	722,026
<b>Fund Balance, beginning of year</b>	<b>5,194,546</b>	<b>5,194,546</b>	<b>5,194,546</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 5,245,271</b>	<b>\$ 6,736,536</b>	<b>\$ 7,458,562</b>	<b>\$ 722,026</b>

*See accompanying notes to financial statements.*

**Jenison Public Schools**  
**Fiduciary Fund**  
**Statement of Fiduciary Assets and Liabilities**

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<i>June 30, 2017</i>	Agency Balance
<hr/>	
<b>Assets</b>	
Cash and investments (Note 2)	\$ 606,275
<hr/>	
<b>Liabilities</b>	
Due to student groups	\$ 606,275
<hr/>	

*See accompanying notes to financial statements.*

# Jenison Public Schools

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

The basic financial statements of Jenison Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America 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 District's significant accounting policies are described below.

#### *Reporting Entity*

The District is an independent entity with an elected Board of Education. The Board consists of seven members elected to six-year terms. The Board has responsibility and control over all matters affecting the District, including the authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds and account groups for which the District is financially accountable.

#### *Basis of Presentation*

*District-wide financial statements:* The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The District-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

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. Program revenues include (1) charges to recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation and certain other items are reported as general revenues.

*Fund financial statements:* The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

#### *Governmental Funds*

Governmental funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position. The following is a description of the governmental funds of the District:

*General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund. The main funding sources are property taxes and state and federal grants.

# Jenison Public Schools

## Notes to Financial Statements

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*Special Revenue Funds* are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District operates one special revenue fund: Food Service. Revenues are derived from food sales and state and federal grants.

*Debt Retirement Funds* are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. Revenues are derived from property taxes and investment income.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital projects. The District's 2016 Capital Projects Fund was funded with bond proceeds and is considered a major fund.

### *Fiduciary Fund*

The *Student Activities Agency Fund* is used to account for assets held by the District in a trustee capacity for individuals or school-related organizations. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

### *Measurement Focus and Basis of Accounting*

Measurement focus refers to what is being measured, and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

*District-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers most revenues available if collected within 60 days after year-end, including property taxes, state aid and interest; a 90-day window is used for entitlement funds and grants.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

# Jenison Public Schools

## Notes to Financial Statements

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### *State Foundation Revenue*

The State of Michigan provides funds through a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are governed primarily by the School Aid Act and the School Code of Michigan. For the year ended June 30, 2017, the foundation allowance was based on the blended average of pupil membership counts taken in October 2016 and February 2016.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills.

### *State Categorical Revenue*

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

### *Federal Revenue*

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

### *Budgets and Budgetary Accounting*

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

Prior to May, the various principals, directors and supervisors review operating budgets by program or building for the fiscal year commencing the following July 1, and submit them to the Director of Finance and Operations.

This information is used to develop a budget and resolution for the General Fund, Special Revenue Fund and Debt Retirement Funds. This includes proposed expenditures and the means of financing them, and is compiled on the same basis of accounting used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

In June, the budget resolution is subjected to a public hearing before the full Board of Education and is adopted after this hearing and before July 1, the first day of the budgeted fiscal year.

Various administrators are authorized to transfer budgeted amounts within their departmental budget; however, any revisions that alter the total expenditures of a fund, the legal level of budgetary control, must be approved by the Board of Education. The final budget reflects all revisions approved by the Board of Education during the year.

The budget is integrated with the accounting system of the District and is used as a management control device during the year.

**Jenison Public Schools**  
**Notes to Financial Statements**

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*Investments*

Investments are reported at fair value based on quoted market prices.

*Inventories*

Inventories are stated at cost except USDA donated commodities, which are recorded at fair market value. Inventories consist primarily of food, cafeteria supplies, and teaching and maintenance supplies and are reported as assets until consumed, at which time an expenditure is recorded.

*Capital Assets*

Capital assets, which include property, buildings and equipment, are reported in the District-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

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

	Years
Buildings and improvements	50
Furniture, fixtures and equipment	5 - 25
Buses	8
Software	10

*Defined Benefit Plan*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred Outflows/Inflows of Resources*

*Deferred Outflows*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred interest on refunding and

# Jenison Public Schools

## Notes to Financial Statements

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pension related items reported in the government-wide statement of net position. A deferred interest on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are also recognized for pension related items. These amounts are expensed in the plan years in which it applies.

### *Deferred Inflows*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first relates to items yet to be recognized in relation to the pension actuarial calculation. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

### *Compensated Absences*

District employees are granted vacation and sick leave in varying amounts based on length of service. Sick leave is accumulated at different rates for various categories of employees. Unused sick leave accumulates from year to year to a maximum, which varies for different categories of employees. Unused sick leave is not paid to employees upon termination. Vacation days are paid to employees for unused days up to twice their yearly allowance at the time of severance from employment. In the fund financial statements, only the matured liability for compensated absences is reported. The total liability for vacation pay is reported in the District-wide financial statements.

### *Long-Term Obligations*

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds issued are deferred and amortized over the life of the related bonds. Bond issue costs are expensed.

In the fund financial statements, the face amount of debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Premiums and discounts are reported as other financing sources (uses); issuance costs are reported as expenditures.

### *Net Position*

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows on the District-wide financial statements. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

# Jenison Public Schools

## Notes to Financial Statements

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### *Fund Balance*

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The District's fund balance is classified in the following categories:

*Nonspendable fund balance* - represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The District reports nonspendable fund balance for inventories and prepaid expenditures.

*Restricted fund balance* - amounts restricted for specific purposes imposed by grantors, bondholders, constitutional provisions or enabling legislation. The District reports restricted fund balance in the Debt Funds, 2016 Capital Projects Fund and the Food Service Fund.

*Assigned fund balance* - intended to be used for specific purposes but doesn't meet the criteria for restricted or committed fund balance. The District reports assigned fund balance in the General Capital Projects Fund and also in the General Fund to report specific projects. The Board of Education has delegated the authority to the Director of Finance and Operations to assign amounts to be used for specific purposes.

*Unassigned fund balance* - the residual fund balance of the General Fund.

The District typically uses restricted fund balance first, then assigned and unassigned fund balance.

### *Property Taxes*

Properties are assessed as of December 31, and are levied and become a lien on July 1. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

### *Interfund Activity*

During the course of its operations, the District has certain transactions between funds. Outstanding balances between funds at year-end are reported as due from/to other funds. Balances typically are liquidated in the subsequent year.

### *Use of Estimates*

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### *Subsequent Events*

Management has evaluated subsequent events through October 10, 2017, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

**Jenison Public Schools**  
**Notes to Financial Statements**

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**2. Cash and Investments**

*Deposits*

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

*Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2017, approximately \$1,380,000 of the District's bank balances of \$1,630,000 was uninsured and uncollateralized.

*Investments*

At June 30, 2017, the District had the following investments:

<i>Investment Type</i>	Fair Value	Maturity Less Than 1 Year	Standard & Poor's Ratings
Michigan Liquid Asset Fund (MILAF)	\$ 11,568,236	\$ 11,568,236	AAAm
MILAF Term Portfolio	6,240,000	6,240,000	AAAf
U.S. Government Agencies	4,700,423	3,112,826	AA+
Commercial Paper	7,681,199	7,681,199	A-1 - A-1+

*Interest Rate Risk*

The District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the investment policy states the District may assess and control such risks using the following methods: segmented time distribution, specific identification, weighted average maturity, duration and simulation model.

*Custodial Credit Risk Related to Investments*

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 that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments and pre-qualifying financial institutions. The District had no investments that were subject to custodial credit risk at June 30, 2017.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State statutes authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of

# Jenison Public Schools

## Notes to Financial Statements

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purchase and maturing not more than 270 days from the date of purchase, bankers' acceptance and certificates of deposit issued or created by a state or national bank insured with the applicable federal agency, and investment pools authorized by the Surplus Funds Investment Pool Act. The District follows state statutes and has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Although the District places no limit on the amount that may be invested in any one issuer, the District minimizes concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimal. Besides the investment in MILAF, the District had no investments that exceeded 5%.

*Fair Value Measurement*

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 - Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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 following tables set forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of June 30, 2017. There have been no significant transfers into or out of Levels 1, 2 or 3.

	Fair Value Measurements			
<i>June 30, 2017</i>	Level 1	Level 2	Level 3	Total
U.S. Government Agency Bonds	\$ 4,700,423	\$ -	\$ -	\$ 4,700,423
Commercial Paper	-	7,681,199	-	7,681,199
<b>Total Investments at Fair Value</b>	<b>\$ 4,700,423</b>	<b>\$ 7,681,199</b>	<b>\$ -</b>	<b>\$ 12,381,622</b>

**Jenison Public Schools**  
**Notes to Financial Statements**

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Investments of \$17,808,236 in pooled accounts are not subject to fair value measurement.

**3. Interfund Activity**

Interfund receivable and payable balances at June 30, 2017 are as follows:

<i>Fund</i>	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 1,364
Nonmajor Governmental Funds	1,364	-
	<b>\$ 1,364</b>	<b>\$ 1,364</b>

The Food Service Fund transferred \$68,500 to the General Fund for indirect costs. The General Capital Projects Fund transferred \$300,310 to the 2016 Capital Projects for the purchase of land. The 1999 and 2006A Debt Retirement Funds transferred \$259,907 and \$39,071, respectively, to the 2010 Debt Retirement Fund to close out the funds. The 2006B Debt Retirement Fund transferred \$29,106 to the 2016 Debt Retirement Fund to close out the fund.

**4. Due From/To Other Governmental Units**

Due from other governmental units at June 30, 2017 consists of the following:

<i>Fund</i>	State	Federal	Total
General Fund	\$ 7,609,671	\$ 420,685	\$ 8,030,356
Nonmajor Governmental Funds	22,965	44,392	67,357
	<b>\$ 7,632,636</b>	<b>\$ 465,077</b>	<b>\$ 8,097,713</b>

Due to other governmental units at June 30, 2017 consists of the following:

<i>Fund</i>	State	Total
General Fund	\$ 617,741	\$ 617,741

All balances are expected to be collected or paid within one year.

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# Jenison Public Schools

## Notes to Financial Statements

### 5. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2017:

	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 553,166	\$ -	\$ -	\$ 553,166
Construction in process	29,325	3,131,229	-	3,160,554
Capital assets being depreciated:				
Buildings and improvements	91,290,872	-	-	91,290,872
Furniture and fixtures	1,805,196	130,691	-	1,935,887
Machinery and equipment	1,538,308	199,729	-	1,738,037
Outside equipment	3,718,852	-	-	3,718,852
Transportation equipment	3,134,375	830,882	553,782	3,411,475
Software	18,837	-	-	18,837
<b>Totals at historical cost</b>	<b>102,088,931</b>	<b>4,292,531</b>	<b>553,782</b>	<b>105,827,680</b>
Less accumulated depreciation for:				
Buildings and improvements	48,558,216	1,556,206	-	50,114,422
Furniture and fixtures	1,593,175	40,260	-	1,633,435
Machinery and equipment	1,108,543	162,663	-	1,271,206
Outside equipment	1,925,804	226,942	-	2,152,746
Transportation equipment	2,583,418	239,725	553,782	2,269,361
Software	15,237	900	-	16,137
<b>Total accumulated depreciation</b>	<b>55,784,393</b>	<b>2,226,696</b>	<b>553,782</b>	<b>57,457,307</b>
<b>Net Capital Assets</b>	<b>\$ 46,304,538</b>	<b>\$ 2,065,835</b>	<b>\$ -</b>	<b>\$ 48,370,373</b>

Depreciation for the year ended June 30, 2017 was \$2,226,696. The District determined that it was impractical to allocate depreciation to various governmental activities, as the assets serve multiple functions.

### 6. Long-Term Obligations

The following is a summary of changes in long-term obligations for the District for the year ended June 30, 2017:

	Balance, July 1, 2016	Additions	Deductions	Balance, June 30, 2017	Due Within One Year
Bonds payable	\$ 71,325,000	\$ -	\$ 4,225,000	\$ 67,100,000	\$ 4,435,000
Premium on bonds	5,548,536	-	239,355	5,309,181	-
Retirement incentive	987,855	290,246	315,495	962,606	331,739
Compensated absences	240,242	6,650	-	246,892	-
Capital lease payable	241,079	-	108,852	132,227	112,984
	<b>\$ 78,342,712</b>	<b>\$ 296,896</b>	<b>\$ 4,888,702</b>	<b>\$ 73,750,906</b>	<b>\$ 4,879,723</b>

Early retirement incentives and compensated absences are normally liquidated by the General Fund and Food Service Fund. The lease payable is paid out of the General Fund.

**Jenison Public Schools**  
**Notes to Financial Statements**

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Bonds payable at June 30, 2017 are comprised of the following individual issues:

2016 serial bonds due in annual installments of \$240,000 to \$2,350,000 through May 2041; interest at 4.00% to 5.00%.	\$ 26,730,000
2011 Series B serial bonds due in annual installments of \$1,005,000 to \$1,270,000 through May 2031; interest at 3.25% to 5.00%.	17,090,000
2011 Series A serial bonds due in annual installments of \$1,490,000 through May 2026; interest at 5.15% to 6.25%.	13,410,000
2010 serial bonds due in annual installments of \$1,590,000 to \$1,700,000 through May 2023; interest at 3.43% to 4.00%.	9,870,000
	<b>\$ 67,100,000</b>

The 2011 School Building and Site Bonds, Series A are designated as "Qualified School Construction Bonds" (QSCBs) under Section 54F of the Internal Revenue Code of 1986. Under IRS Section 54A, the District has elected to receive a direct credit (interest rate subsidy) from the U.S. Department of Treasury for a portion of the payment of interest on the bonds.

***Debt Service Requirements***

The annual requirements to service the bonds to maturity, including both principal and interest, are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2018	\$ 4,435,000	\$ 3,264,690	\$ 7,699,690
2019	4,660,000	3,077,692	7,737,692
2020	4,885,000	2,882,764	7,767,764
2021	5,135,000	2,664,268	7,799,268
2022	5,290,000	2,421,182	7,711,182
2023 - 2027	24,145,000	8,194,074	32,339,074
2028 - 2032	9,865,000	3,527,000	13,392,000
2033 - 2037	4,825,000	1,688,750	6,513,750
2038 - 2041	3,860,000	482,500	4,342,500
	<b>\$ 67,100,000</b>	<b>\$ 28,202,920</b>	<b>\$ 95,302,920</b>

***Early Retirement Incentive***

The District offers some employees an early retirement incentive program as part of their contractual agreement. 35 employees participate in the early retirement program. The program provides up to 72% of each employee's annual salary at the time of retirement, payable over five years. At June 30, 2017, the District's liability for the early retirement program was \$983,996. The total present value of the future payments, using a discount rate of 0.97%, is \$962,606.

**Jenison Public Schools**  
**Notes to Financial Statements**

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## **7. Defined Benefit Plan and Post-Retirement Benefits**

### *Plan Description*

The District contributes to the statewide Michigan Public School Employees Retirement System (MPERS, or the System), a cost-sharing, multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS was established by the State of Michigan under Public Act 136 of 1945 to provide retirement, survivor and disability benefits to public school employees. In addition, the health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees Retirement Act. The MPERS currently operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by contacting the Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909.

The regular retirement benefit is based on a member's years of credited service and final average compensation. Final average compensation is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months, divided by the service credit accrued during that same period.

### *Pension Reform 2010*

On May 9, 2010, the governor signed Public Act 75 of 2010 into law. As a result, any member of MPERS who became a member after June 30, 2010 is a Pension Plus member. The Pension Plus Plan pairs a guaranteed retirement income (defined benefit) with a flexible and transferable retirement savings (defined contribution) account.

### *Pension Reform 2012*

On September 4, 2012, the governor signed Public Act 300 of 2012 into law. As a result, members of MPERS who first worked before July 1, 2010 and earned service credit in the 12 months ended September 3, 2012 can voluntarily choose to increase, maintain or stop their contributions to the pension fund by electing from four plan options. Members who first work on or after September 4, 2012 are able to elect the Pension Plus plan or a defined contribution plan.

### *Funding Policy*

Basic plan members make no contributions. Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 and December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3.0% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008 or later, including Pension Plus plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits. Employer contributions to MPERS are determined on an actuarial basis using the entry age normal actuarial cost method for both pension benefits and other postemployment benefits (OPEB). The rates for the year ended June 30, 2017 ranged from 20.96% to 24.94%. In

# Jenison Public Schools

## Notes to Financial Statements

addition, the District is required to match 50% up to 1% of the employee's contribution in the Pension Plus plan. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the current and two preceding years were as follows:

<i>Year ended June 30,</i>	Employer Contribution
2017	\$ 10,010,164
2016	9,620,295
2015	8,926,653

In 2017, the District recorded \$3,380,129 of employer contributions for the MPSERS unfunded liabilities obligations in excess of the statutory cap. Funds were received from the State of Michigan through state aid payments to offset the employer contribution.

### *Pension Liabilities*

At June 30, 2017, the District reported a liability of \$78,324,057 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 as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016, the District's proportion was 0.31393%.

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

For the year ended June 30, 2017, the District recognized pension expense of approximately \$7,790,000. At June 30, 2017, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,224,535	\$ -
Differences between expected and actual experience	976,125	(185,630)
Net difference between projected and actual earnings on pension plan investments	1,301,745	-
Changes in proportion and differences between reporting unit contributions and proportionate share of contributions	2,517,094	(198,212)
Reporting unit contributions subsequent to the measurement date	6,006,443	(2,463,438)
<b>Total</b>	<b>\$ 12,025,942</b>	<b>\$ (2,847,280)</b>

# Jenison Public Schools

## Notes to Financial Statements

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Deferred outflows of resources resulting from District employer contributions of \$6,006,443 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. A portion of these deferred outflows are offset by section 147c pension contributions received from the State of Michigan subsequent to the measurement date.

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

*Year ending June 30,*

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2018	\$ 1,267,842
2019	1,165,454
2020	2,521,667
2021	680,694

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### *Actuarial Assumptions*

*Investment rate of return* - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

*Salary increases* - The rate of pay increase used for individual members is 3.5%.

*Inflation* - 2.1%

*Mortality assumptions* - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Male and Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

*Experience study* - The annual actuarial valuation report of the System used for these statements is dated September 30, 2015. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2007 to September 30, 2012. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

*The long-term expected rate of return on pension plan investments* - The rate of 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a 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.

# Jenison Public Schools

## Notes to Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<i>Investment Category</i>	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	-
<b>Total</b>	<b>100.0%</b>	

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

*Discount rate* - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (7%) or 1% point higher (9%) than the current rate:

	1% Lower (7%)	Discount Rate (8%)	1% Higher (9%)
Reporting unit's proportionate share of the net pension liability	\$ 100,861,670	\$ 78,324,057	\$ 59,322,681

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2016 Comprehensive Annual Financial Report, available here: <http://michigan.gov/mpsers-cafr>.

# Jenison Public Schools

## Notes to Financial Statements

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### *Other Postemployment Benefits*

Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning in 2013, it is funded on a prefunded basis. A significant portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to contribute 3.0% (or 1.5%) of their compensation to offset employer contributions for healthcare benefits of current retirees. For each school year that begins on or after July 1, 2011, members shall contribute 3.0% of compensation into the healthcare funding account. Effective April 1, 2011, a court order eliminated this requirement, and the funds are held in escrow. The court order is being appealed by the State of Michigan.

Public Act 300 of 2012 allows active members who earned service credit in the 12 months ended September 3, 2012 a voluntary election. Members can continue to contribute 3.0% of their compensation and keep the premium subsidy benefit, or they can elect the Personal Healthcare Fund. Members electing the Personal Healthcare Fund will establish a portable, tax-deferred fund that can be used for paying healthcare expenses in retirement. Member contributions are 2.0% of compensation with a 2.0% employer match contributed into a 401(k) account. Members who first work on or after September 4, 2012 are enrolled in the Personal Healthcare Fund.

The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2017 were approximately \$1,494,800.

### **8. Risk Management and Benefits**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 27 districts pooling together to insure property, liability and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,071,012, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

The District is a member of the West Michigan Workers' Compensation Fund, a self-insurance program with 16 districts pooling together to insure workers' compensation and employers' liability exposures. The fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$1,528,055 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts.

The District carries commercial insurance for all other risks of loss, including employee life, health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

# Jenison Public Schools

## Notes to Financial Statements

### 9. Capital Lease

The District has entered into a lease agreement as lessee for copy machines. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through this lease are as follows:

*Balance June 30, 2017*

Machinery and equipment	\$	550,956
Less accumulated depreciation		(422,399)
<b>Net</b>		<b>\$ 128,557</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

*Year ending June 30,*

2018	\$	116,000
2019		19,335
Total minimum lease payments		135,335
Less amount representing interest		(3,108)
<b>Present Value of Minimum Lease Payments</b>		<b>\$ 132,227</b>

### 10. Bond Compliance and Commitments

The Capital Projects Funds include activities funded by bonds that were issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351(a) of the Revised School Code. Beginning with the year of bond issuance, the District has reported the annual construction activity in the Capital Projects Funds as follows:

<i>June 30, 2017</i>	Cumulative Revenues	Cumulative Expenditures
2011 Series B Bonds	\$ 78,775	\$ 18,056,737
2016 Bonds	166,038	5,079,947

### 11. Tax Abatements

Effective for the year ended June 30, 2017, the District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatement Disclosures*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Georgetown Charter Township. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. The

# Jenison Public Schools

## Notes to Financial Statements

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property taxes abated for all funds by Georgetown Charter Township under these programs was approximately \$9,400 for the year ended June 30, 2017.

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 made by the District.

## General Fund

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# Jenison Public Schools

## General Fund Balance Sheet

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<i>June 30, 2017</i>	General
<b>Assets</b>	
Cash and investments	\$ 6,516,571
Accounts receivable	92,206
Due from other governmental units	8,030,356
Inventories	32,780
Prepaid expenditures	81,108
<hr/>	
<b>Total Assets</b>	<b>\$ 14,753,021</b>
<hr/>	
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 156,428
Accrued payroll	6,443,856
Due to other funds	1,364
Due to other governmental units	617,741
Unearned revenue	75,070
<hr/>	
<b>Total liabilities</b>	<b>7,294,459</b>
<hr/>	
<b>Fund Balances</b>	
Nonspendable:	
Inventories	32,780
Prepaid expenditures	81,108
Assigned for Jenison International Academy programming	351,605
Unassigned	6,993,069
<hr/>	
<b>Total fund balances</b>	<b>7,458,562</b>
<hr/>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,753,021</b>

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# Jenison Public Schools

## General Fund Schedule of Revenues and Other Financing Sources Budget to Actual

<i>Year ended June 30, 2017</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Local Sources</b>			
Property tax, other taxes and interest	\$ 2,806,561	\$ 2,842,101	\$ 35,540
Tuition	271,600	296,399	24,799
Investment income	8,000	16,368	8,368
Athletics	178,000	189,057	11,057
Interdistrict	5,339,596	5,362,705	23,109
Other	1,688,191	1,733,198	45,007
<b>Total revenues from local sources</b>	<b>10,291,948</b>	<b>10,439,828</b>	<b>147,880</b>
<b>State Sources</b>			
Unrestricted grants	33,986,965	33,999,928	12,963
Restricted grants	7,559,222	7,323,699	(235,523)
<b>Total revenues from state sources</b>	<b>41,546,187</b>	<b>41,323,627</b>	<b>(222,560)</b>
<b>Federal Sources</b>	<b>1,137,576</b>	<b>1,127,775</b>	<b>(9,801)</b>
<b>Other Financing Source</b>			
Transfers in	50,000	68,500	18,500
<b>Total Revenues and Other Financing Source</b>	<b>\$ 53,025,711</b>	<b>\$ 52,959,730</b>	<b>\$ (65,981)</b>

# Jenison Public Schools

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

<i>Year ended June 30, 2017</i>	Salaries	Employee Benefits	Purchased Services
<b>Expenditures</b>			
<b>Instruction</b>			
Basic programs:			
Elementary	\$ 7,677,018	\$ 5,387,188	\$ 337,745
Junior high	1,936,546	1,355,910	68,232
High school	4,201,569	2,792,505	255,892
Preschool	561,278	360,181	318,693
<b>Total basic programs</b>	<b>14,376,411</b>	<b>9,895,784</b>	<b>980,562</b>
Added needs:			
Special education	3,401,914	2,303,311	482,176
Compensatory education	499,308	288,367	22,250
Vocational education	219,170	152,723	17,356
<b>Total added needs</b>	<b>4,120,392</b>	<b>2,744,401</b>	<b>521,782</b>
<b>Total instruction</b>	<b>18,496,803</b>	<b>12,640,185</b>	<b>1,502,344</b>
<b>Support Services</b>			
Student services:			
Guidance	253,381	184,746	1,985
Health	160,000	115,774	69,292
Psychological	58,924	33,083	14,958
Speech	225,907	153,635	528
Social work	210,573	148,717	15,676
Teacher consultant	259,142	184,979	39,540
Other	104,468	50,614	65,524
<b>Total student services</b>	<b>1,272,395</b>	<b>871,548</b>	<b>207,503</b>
Instructional staff:			
Improvement of instruction	96,730	62,484	87,636
Library	103,611	46,959	268
Technology	216,755	122,035	2,000
Supervision and direction	301,083	182,078	2,190
<b>Total instructional staff</b>	<b>718,179</b>	<b>413,556</b>	<b>92,094</b>

# Jenison Public Schools

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

Supplies, Materials and Other Expenses	Capital Outlay	Total Actual Expenditures	Final Budget	Variance Positive (Negative)
\$ 164,228	\$ 328	\$ 13,566,507	\$ 13,562,635	\$ (3,872)
42,392	13,182	3,416,262	3,532,188	115,926
91,226	14,789	7,355,981	7,380,797	24,816
47,238	-	1,287,390	1,376,201	88,811
345,084	28,299	25,626,140	25,851,821	225,681
12,813	1,535	6,201,749	6,257,420	55,671
947	-	810,872	824,610	13,738
87,973	83,705	560,927	576,753	15,826
101,733	85,240	7,573,548	7,658,783	85,235
446,817	113,539	33,199,688	33,510,604	310,916
2,040	-	442,152	467,273	25,121
936	-	346,002	342,754	(3,248)
259	-	107,224	127,235	20,011
805	-	380,875	381,768	893
2,130	-	377,096	351,582	(25,514)
460	-	484,121	469,656	(14,465)
2,629	-	223,235	234,616	11,381
9,259	-	2,360,705	2,374,884	14,179
14,017	-	260,867	309,606	48,739
46,469	6,385	203,692	209,329	5,637
-	3,076	343,866	376,148	32,282
143,187	-	628,538	837,577	209,039
203,673	9,461	1,436,963	1,732,660	295,697

# Jenison Public Schools

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

<i>Year ended June 30, 2017</i>	Salaries	Employee Benefits	Purchased Services
<b>Support Services (continued)</b>			
General administration	\$ 290,396	\$ 179,986	\$ 131,199
School administration	1,658,194	1,087,298	52,539
Business office:			
Fiscal	294,096	172,929	2,977
Internal services	74,308	50,196	14,721
Other	-	-	-
Total business office	368,404	223,125	17,698
Operations and maintenance	399,763	312,759	1,753,199
Student transportation	834,383	567,454	50,860
Athletics	544,420	296,179	267,326
Other support services:			
Personnel services	242,550	164,853	75,005
Other	158,290	96,904	445,474
Total other support services	400,840	261,757	520,479
Total support services	6,486,974	4,213,662	3,092,897
Community Services	561,955	354,514	823,024
<b>Total Expenditures</b>	<b>\$ 25,545,732</b>	<b>\$ 17,208,361</b>	<b>\$ 5,418,265</b>

# Jenison Public Schools

## General Fund Schedule of Expenditures and Other Financing Uses Budget to Actual

Supplies, Materials and Other Expenses	Capital Outlay	Total Actual Expenditures	Final Budget	Variance Positive (Negative)
\$ 63,044	\$ -	\$ 664,625	\$ 701,023	\$ 36,398
61,732	-	2,859,763	2,905,848	46,085
7,311	-	477,313	480,761	3,448
5,000	-	144,225	163,395	19,170
13,730	-	13,730	-	(13,730)
26,041	-	635,268	644,156	8,888
897,135	16,583	3,379,439	3,427,874	48,435
282,626	26,556	1,761,879	1,778,312	16,433
41,535	72,619	1,222,079	1,238,437	16,358
17,694	-	500,102	510,421	10,319
165,135	15,041	880,844	887,301	6,457
182,829	15,041	1,380,946	1,397,722	16,776
1,767,874	140,260	15,701,667	16,200,916	499,249
54,304	562	1,794,359	1,772,201	(22,158)
\$ 2,268,995	\$ 254,361	\$ 50,695,714	\$ 51,483,721	\$ 788,007

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## Nonmajor Governmental Funds

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**Jenison Public Schools**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

	Special Revenue		Debt	
<i>June 30, 2017</i>	Food Service	2016 Debt	2011B Debt	
<b>Assets</b>				
Cash and investments	\$ 758,637	\$ 124,018	\$ 163,010	
Due from other funds	247	219	292	
Due from other governmental units	67,357	-	-	
Inventories	42,678	-	-	
<b>Total Assets</b>	<b>\$ 868,919</b>	<b>\$ 124,237</b>	<b>\$ 163,302</b>	
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 307	\$ -	\$ -	
Accrued payroll	30,553	-	-	
Unearned revenue	108,628	-	-	
<b>Total liabilities</b>	<b>139,488</b>	<b>-</b>	<b>-</b>	
<b>Fund Balances</b>				
Nonspendable - inventories	42,678	-	-	
Restricted for food service	686,753	-	-	
Restricted for debt retirement	-	124,237	163,302	
Assigned for capital projects	-	-	-	
<b>Total fund balances</b>	<b>729,431</b>	<b>124,237</b>	<b>163,302</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 868,919</b>	<b>\$ 124,237</b>	<b>\$ 163,302</b>	

**Jenison Public Schools**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

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<u>Retirement</u>			General Capital Projects	
2011A Debt	2010 Debt			Total
\$ 422,618	\$ 161,551	\$ 616,681	\$ 2,246,515	
298	308	-	1,364	
-	-	-	67,357	
-	-	-	42,678	
<hr/>				
\$ 422,916	\$ 161,859	\$ 616,681	\$ 2,357,914	
<hr/>				
\$ -	\$ -	\$ -	\$ 307	
-	-	-	30,553	
-	-	-	108,628	
<hr/>				
-	-	-	139,488	
<hr/>				
-	-	-	42,678	
-	-	-	686,753	
422,916	161,859	-	872,314	
-	-	616,681	616,681	
<hr/>				
422,916	161,859	616,681	2,218,426	
<hr/>				
\$ 422,916	\$ 161,859	\$ 616,681	\$ 2,357,914	
<hr/>				

# Jenison Public Schools

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue	Debt			
<i>Year ended June 30, 2017</i>	Food Service	2016 Debt	2011B Debt	2011A Debt	2010 Debt
<b>Revenues</b>					
Local sources:					
Property taxes	\$ -	\$ 1,361,329	\$ 1,809,671	\$ 1,850,429	\$ 1,907,491
Other local	1,615,052	3,473	5,498	7,655	7,796
State sources	236,450	1,403	1,865	1,907	1,966
Federal sources	1,282,150	-	-	739,214	-
<b>Total revenues</b>	<b>3,133,652</b>	<b>1,366,205</b>	<b>1,817,034</b>	<b>2,599,205</b>	<b>1,917,253</b>
<b>Expenditures</b>					
Salaries	807,921	-	-	-	-
Employee benefits	422,931	-	-	-	-
Food and milk costs	1,150,414	-	-	-	-
Purchased services	273,107	-	-	-	-
Supplies, materials, other	328,136	-	-	-	-
Capital outlay	112,785	-	-	-	-
Redemption of principal	-	125,000	895,000	1,490,000	1,715,000
Interest	-	1,145,019	820,912	853,770	434,032
Fiscal charges	-	1,055	1,156	1,665	1,178
<b>Total expenditures</b>	<b>3,095,294</b>	<b>1,271,074</b>	<b>1,717,068</b>	<b>2,345,435</b>	<b>2,150,210</b>
Excess (deficiency) of revenues over expenditures	38,358	95,131	99,966	253,770	(232,957)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	29,106	-	-	298,978
Transfers out	(68,500)	-	-	-	-
<b>Total other financing (sources) uses</b>	<b>(68,500)</b>	<b>29,106</b>	<b>-</b>	<b>-</b>	<b>298,978</b>
Net change in fund balances	(30,142)	124,237	99,966	253,770	66,021
<b>Fund Balances, beginning of year</b>	<b>759,573</b>	<b>-</b>	<b>63,336</b>	<b>169,146</b>	<b>95,838</b>
<b>Fund Balances, end of year</b>	<b>\$ 729,431</b>	<b>\$ 124,237</b>	<b>\$ 163,302</b>	<b>\$ 422,916</b>	<b>\$ 161,859</b>

# Jenison Public Schools

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Retirement			Capital Projects Funds		Total
2006B Debt	2006A Debt	1999 Debt	2011B Capital Projects	General Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,928,920
-	-	-	43	96	1,639,613
-	-	-	-	-	243,591
-	-	-	-	-	2,021,364
-	-	-	43	96	10,833,488
-	-	-	-	-	807,921
-	-	-	-	-	422,931
-	-	-	-	-	1,150,414
-	-	-	-	-	273,107
-	-	-	-	-	328,136
-	-	-	79,560	-	192,345
-	-	-	-	-	4,225,000
-	-	-	-	-	3,253,733
-	-	-	-	-	5,054
-	-	-	79,560	-	10,658,641
-	-	-	(79,517)	96	174,847
-	-	-	-	300,310	628,394
(29,106)	(39,071)	(259,907)	-	-	(396,584)
(29,106)	(39,071)	(259,907)	-	300,310	231,810
(29,106)	(39,071)	(259,907)	(79,517)	300,406	406,657
29,106	39,071	259,907	79,517	316,275	1,811,769
\$ -	\$ -	\$ -	\$ -	\$ 616,681	\$ 2,218,426

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## Agency Fund

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# Jenison Public Schools

## Agency Fund Statement of Changes in Assets and Liabilities

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<i>Year ended June 30, 2017</i>	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
<b>Assets</b>				
Cash and investments	\$ 568,243	\$ 1,342,907	\$ 1,304,875	\$ 606,275
<b>Liabilities</b>				
Due to student groups	\$ 568,243	\$ 1,546,499	\$ 1,508,467	\$ 606,275

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## Schedules of Bonds Issued, Redeemed and Outstanding

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# Jenison Public Schools

## 2010 Refunding Bonds Schedules of Bonds Issued, Redeemed and Outstanding June 30, 2017

Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Bond Principal			Interest Due	
			Issued	Redeemed	Outstanding June 30, 2017	November 1	May 1
2012	5/1/2012	-	\$ -	\$ -	\$ -	\$ -	\$ -
2013	5/1/2013	2.00	390,000	390,000	-	-	-
2014	5/1/2014	2.00	385,000	385,000	-	-	-
2015	5/1/2015	2.00	470,000	470,000	-	-	-
2016	5/1/2016	2.50	770,000	770,000	-	-	-
2017	5/1/2017	4.00	1,715,000	1,715,000	-	-	-
2018	5/1/2018	4.00	1,700,000	-	1,700,000	182,716	182,716
2019	5/1/2019	3.43	1,680,000	-	1,680,000	148,716	148,716
2020	5/1/2020	4.00	1,650,000	-	1,650,000	119,941	119,941
2021	5/1/2021	3.48	1,635,000	-	1,635,000	86,941	86,941
2022	5/1/2022	3.60	1,615,000	-	1,615,000	58,485	58,485
2023	5/1/2023	3.70	1,590,000	-	1,590,000	29,415	29,415
			\$ 13,600,000	\$ 3,730,000	\$ 9,870,000	\$ 626,214	\$ 626,214

Date of Issue: 12/15/10

**Purpose:**

Refunding of portions of 2002 Bond.

**Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000 due on or after May 1, 2021 are subject to redemption prior to maturity at the option of the District, in such order as the District may determine and by lot within any maturity, on any date occurring on or after May 1, 2020, at par and accrued interest to the date fixed for redemption.

# Jenison Public Schools

## 2011 General Improvement Bonds, Series A Schedules of Bonds Issued, Redeemed and Outstanding June 30, 2017

Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Bond Principal			Interest Due	
			Issued	Redeemed	Outstanding June 30, 2017	November 1	May 1
2012	5/1/2012	-	\$ -	\$ -	\$ -	\$ -	\$ -
2013	5/1/2013	-	-	-	-	-	-
2014	5/1/2014	-	-	-	-	-	-
2015	5/1/2015	3.75	50,000	50,000	-	-	-
2016	5/1/2016	4.30	50,000	50,000	-	-	-
2017	5/1/2017	4.75	1,490,000	1,490,000	-	-	-
2018	5/1/2018	5.15	1,490,000	-	1,490,000	391,498	391,498
2019	5/1/2019	5.45	1,490,000	-	1,490,000	353,130	353,130
2020	5/1/2020	5.55	1,490,000	-	1,490,000	312,528	312,528
2021	5/1/2021	5.75	1,490,000	-	1,490,000	271,180	271,180
2022	5/1/2022	5.95	1,490,000	-	1,490,000	228,343	228,343
2023	5/1/2023	6.05	1,490,000	-	1,490,000	184,015	184,015
2024	5/1/2024	6.15	1,490,000	-	1,490,000	138,943	138,943
2025	5/1/2025	6.25	1,490,000	-	1,490,000	93,125	93,125
2026	5/1/2026	6.25	1,490,000	-	1,490,000	46,563	46,563
			\$ 15,000,000	\$ 1,590,000	\$ 13,410,000	\$ 2,019,325	\$ 2,019,325

Date of Issue: 4/20/11

**Purpose:**

Erecting, furnishing and equipping a performing arts center on the high school/middle school campus; partially remodeling, furnishing and refurbishing, equipping and re-equipping school facilities, in part to expand a physical education classroom at the high school; acquiring, installing and equipping educational technology for school facilities; purchasing school buses; developing and improving sites.

**Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000 due on or after May 1, 2022 are subject to redemption prior to maturity at the option of the District, in such order as the District may determine and by lot within any maturity, on any date occurring on or after May 1, 2021, at par and accrued interest to the date fixed for redemption.

# Jenison Public Schools

## 2011 General Improvement Bonds, Series B Schedules of Bonds Issued, Redeemed and Outstanding June 30, 2017

Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Bond Principal			Interest Due	
			Issued	Redeemed	Outstanding June 30, 2017	November 1	May 1
2012	5/1/2012	-	\$ -	\$ -	\$ -	\$ -	\$ -
2013	5/1/2013	-	-	-	-	-	-
2014	5/1/2014	-	-	-	-	-	-
2015	5/1/2015	-	-	-	-	-	-
2016	5/1/2016	-	-	-	-	-	-
2017	5/1/2017	3.28	895,000	895,000	-	-	-
2018	5/1/2018	3.25	1,005,000	-	1,005,000	395,781	395,781
2019	5/1/2019	3.68	1,085,000	-	1,085,000	379,450	379,450
2020	5/1/2020	4.00	1,210,000	-	1,210,000	359,463	359,463
2021	5/1/2021	5.00	1,250,000	-	1,250,000	335,263	335,263
2022	5/1/2022	5.00	1,250,000	-	1,250,000	304,013	304,013
2023	5/1/2023	4.85	1,250,000	-	1,250,000	272,763	272,763
2024	5/1/2024	4.50	1,250,000	-	1,250,000	242,450	242,450
2025	5/1/2025	4.63	1,250,000	-	1,250,000	214,325	214,325
2026	5/1/2026	4.75	1,250,000	-	1,250,000	185,375	185,375
2027	5/1/2027	4.75	1,250,000	-	1,250,000	155,688	155,688
2028	5/1/2028	5.00	1,250,000	-	1,250,000	126,000	126,000
2029	5/1/2029	5.00	1,250,000	-	1,250,000	94,750	94,750
2030	5/1/2030	5.00	1,270,000	-	1,270,000	63,500	63,500
2031	5/1/2031	5.00	1,270,000	-	1,270,000	31,750	31,750
			\$ 17,985,000	\$ 895,000	\$ 17,090,000	\$ 3,160,571	\$ 3,160,571

Date of Issue: 5/10/11

**Purpose:**

Erecting, furnishing and equipping a performing arts center on the high school/middle school campus; partially remodeling, furnishing and refurbishing, equipping and re-equipping school facilities, in part to expand a physical education classroom at the high school; acquiring, installing and equipping educational technology for school facilities; purchasing school buses; developing and improving sites.

**Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000 due on or after May 1, 2022 are subject to redemption prior to maturity at the option of the District, in such order as the District may determine and by lot within any maturity, on any date occurring on or after May 1, 2021, at par and accrued interest to the date fixed for redemption.

# Jenison Public Schools

## 2016 General Improvement and Refunding Bonds Schedules of Bonds Issued, Redeemed and Outstanding June 30, 2017

Year Ended June 30,	Bonds Due	Interest Rate (Percent)	Bond Principal			Interest Due	
			Issued	Redeemed	Outstanding June 30, 2017	November 1	May 1
2017	5/1/2017	4.00	\$ 125,000	\$ 125,000	\$ -	\$ -	\$ -
2018	5/1/2018	4.00	240,000	-	240,000	662,350	662,350
2019	5/1/2019	4.00	405,000	-	405,000	657,550	657,550
2020	5/1/2020	4.00	535,000	-	535,000	649,450	649,450
2021	5/1/2021	5.00	760,000	-	760,000	638,750	638,750
2022	5/1/2022	5.00	935,000	-	935,000	619,750	619,750
2023	5/1/2023	5.00	960,000	-	960,000	596,375	596,375
2024	5/1/2024	5.00	2,340,000	-	2,340,000	572,375	572,375
2025	5/1/2025	5.00	2,345,000	-	2,345,000	513,875	513,875
2026	5/1/2026	5.00	2,350,000	-	2,350,000	455,250	455,250
2027	5/1/2027	5.00	2,350,000	-	2,350,000	396,500	396,500
2028	5/1/2028	5.00	965,000	-	965,000	337,750	337,750
2029	5/1/2029	5.00	965,000	-	965,000	313,625	313,625
2030	5/1/2030	5.00	965,000	-	965,000	289,500	289,500
2031	5/1/2031	5.00	965,000	-	965,000	265,375	265,375
2032	5/1/2032	5.00	965,000	-	965,000	241,250	241,250
2033	5/1/2033	5.00	965,000	-	965,000	217,125	217,125
2034	5/1/2034	5.00	965,000	-	965,000	193,000	193,000
2035	5/1/2035	5.00	965,000	-	965,000	168,875	168,875
2036	5/1/2036	5.00	965,000	-	965,000	144,750	144,750
2037	5/1/2037	5.00	965,000	-	965,000	120,625	120,625
2038	5/1/2038	5.00	965,000	-	965,000	96,500	96,500
2039	5/1/2039	5.00	965,000	-	965,000	72,375	72,375
2040	5/1/2040	5.00	965,000	-	965,000	48,250	48,250
2041	5/1/2041	5.00	965,000	-	965,000	24,125	24,125
			\$ 26,855,000	\$ 125,000	\$ 26,730,000	\$ 8,295,350	\$ 8,295,350

Date of Issue: 6/1/16

**Purpose:**

A portion of the bonds were used for the purpose of refunding all outstanding 2006B Bonds in July of 2016. The remaining portion of the bonds will be used for remodeling, equipping and re-equipping and furnishing and refurbishing school buildings; purchasing and equipping school buses; acquiring, installing, equipping and re-equipping school buildings for instructional technology; erecting, furnishing and equipping a new early childhood center/elementary building; erecting an athletic storage building; and acquiring, preparing, developing, improving and equipping playgrounds and sites.

**Redemption Prior to Maturity:**

The bonds or portions of bonds in multiples of \$5,000 maturing on May 1, 2027 shall be subject to redemption prior to maturity at the option of the District in such order as the District may determine and by lot within any maturity, on any interest payment date occurring on or after May 1, 2026, at par and accrued interest to the date fixed for redemption.

## Jenison Public Schools

### Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement Plan, Last 10 Fiscal Years (amounts were determined as of September 30 of each fiscal year)

<i>September 30,</i>	2016	2015	2014
Reporting unit's proportion of net pension liability	0.31393%	0.30111%	30.01900%
Reporting unit's proportionate share of net pension liability	\$ 78,324,057	\$ 73,545,177	\$ 66,121,159
Reporting unit's covered-employee payroll	\$ 26,118,766	\$ 24,902,281	\$ 25,511,495
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	299.88%	295.34%	259.18%
Plan fiduciary net position as a percentage of total pension liability	63.27%	63.17%	66.20%

Note: 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.

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# Jenison Public Schools

## Schedule of the Reporting Unit's Contributions Michigan Public School Employees Retirement Plan, Last 10 Fiscal Years (amounts were determined as of June 30 of each fiscal year)

<i>June 30,</i>	2017	2016	2015
Statutorily required contributions	\$ 6,006,443	\$ 5,406,933	\$ 4,400,652
Contributions in relation to statutorily required contributions	6,006,443	5,406,933	4,400,652
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Reporting unit's covered-employee payroll	\$ 25,303,880	\$ 24,919,683	\$ 24,870,534
Contributions as a percentage of covered-employee payroll	23.74%	21.70%	17.69%

Note: 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.

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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*

Board of Education  
Jenison Public Schools  
Jenison, 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 Jenison 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 Jenison Public School's basic financial statements, and have issued our report thereon dated October 10, 2017.

### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (2017-001) described in the accompanying schedule of findings and questioned costs to be a material weakness.

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.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jenison 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

## District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's 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.

*BDO USA, LLP*

October 10, 2017

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## Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education  
Jenison Public Schools  
Jenison, Michigan

### Report on Compliance for Each Major Federal Program

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

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the District's 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 requirement of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's 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 the District's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, Jenison 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.

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## Report on Internal Control Over Compliance

Management of Jenison 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the District's 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*BDO USA, LLP*

October 10, 2017

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## Schedule of Expenditures of Federal Awards

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# Jenison Public Schools

## Schedule of Expenditures of Federal Awards

<i>Year ended June 30, 2017</i>	Grant/Project Number	Federal CFDA Number	Approved Awards Amount	Prior Year Expenditures (memorandum only)
<b>Federal Grantor Pass-Through Grantor Program/Project Number</b>				
<b>Clusters</b>				
<b>Child Nutrition Cluster - U.S. Department of Agriculture -</b>				
Passed through Michigan Department of Education:				
Noncash Assistance (Commodities):				
National School Lunch Program Entitlement Commodities 2016-2017	N/A	10.555	\$ 226,588	\$ -
Cash Assistance:				
National School Lunch Program 2015-16	161960	10.555	1,116,953	1,007,868
National School Lunch Program 2016-17	171960	10.555	915,746	-
National School Lunch Program (including commodities) Subtotal		10.555	2,259,287	1,007,868
<hr/>				
National School Breakfast Program 2015-16	161970	10.553	73,615	67,841
National School Breakfast Program 2016-17	171970	10.553	64,126	-
National School Breakfast Program Subtotal		10.553	137,741	67,841
<b>Total Child Nutrition Cluster</b>			<b>2,397,028</b>	<b>1,075,709</b>
<hr/>				
<b>Special Education Cluster - U.S. Department of Education</b>				
Passed through Ottawa Area Intermediate School District:				
IDEA - Preschool Incentive				
IDEA Preschool 1516	160460	84.173	23,500	23,500
IDEA Preschool 1617	170460	84.173	24,986	-
IDEA - Flow Through				
IDEA Flow Through 1516	160450	84.027	713,533	713,533
IDEA Flow Through 1617	170450	84.027	779,013	-
<b>Total Special Education Cluster</b>			<b>1,541,032</b>	<b>737,033</b>
<hr/>				
<b>Other Federal Awards</b>				
Passed through Michigan Department of Education:				
Title I, Part A - U.S. Department of Education				
Title I Part A 1516	161530	84.010	280,423	280,423
Title I Part A 1617	171530	84.010	218,042	-
<b>Total Title I Part A</b>			<b>498,465</b>	<b>280,423</b>
<hr/>				
Title IIA-Improving Teacher Quality - U.S. Department of Education				
Title II Part A 1516	160520	84.367	107,586	90,758
Title II Part A 1617	170520	84.367	105,487	-
<b>Total Title II Part A</b>			<b>213,073</b>	<b>90,758</b>
<b>Total non-cluster programs passed through the Michigan Department of Education</b>			<b>711,538</b>	<b>371,181</b>
<hr/>				
Passed through Ottawa Area Intermediate School District:				
Mckinney Vento Homeless Grant - U.S. Department of Education				
Mckinney Vento 1617	172320	84.196	1,048	-
<b>Total Mckinney Vento</b>			<b>1,048</b>	<b>-</b>
<hr/>				
Medicaid Outreach - U.S. Department of Health and Human Services				
Medicaid Outreach - 1617	N/A	93.778	7,039	-
<b>Total non-cluster programs passed through Ottawa Area Intermediate School District</b>			<b>8,087</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>\$ 4,657,685</b>	<b>\$ 2,183,923</b>

# Jenison Public Schools

## Schedule of Expenditures of Federal Awards

Accrued Revenue at July 1, 2017	Current Year Receipts	Current Year Expenditures	Accrued Revenue at June 30, 2017	Current Year Passed-Through to Subrecipients
\$ (5,387)	\$ 187,629	\$ 187,419	\$ (5,597)	\$ -
-	109,085	109,085	-	-
-	915,746	915,746	-	-
(5,387)	1,212,460	1,212,250	(5,597)	-
-	5,774	5,774	-	-
-	64,126	64,126	-	-
-	69,900	69,900	-	-
(5,387)	1,282,360	1,282,150	(5,597)	-
11,667	11,667	-	-	-
-	13,914	24,986	11,072	-
316,168	316,168	-	-	-
-	438,356	779,013	340,657	-
327,835	780,105	803,999	351,729	-
69,060	69,060	-	-	-
-	166,957	215,732	48,775	-
69,060	236,017	215,732	48,775	-
16,279	16,279	-	-	-
-	79,776	99,957	20,181	-
16,279	96,055	99,957	20,181	-
85,339	332,072	315,689	68,956	-
-	1,048	1,048	-	-
-	1,048	1,048	-	-
-	7,039	7,039	-	-
-	8,087	8,087	-	-
\$ 407,787	\$ 2,402,624	\$ 2,409,925	\$ 415,088	\$ -

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## Notes to Schedule of Expenditures of Federal Awards

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# Jenison Public Schools

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis for Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jenison 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 of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jenison Public Schools, it is not intended to and does not present the financial position or changes in net position of Jenison Public Schools.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting.

Revenues are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met, based on the cost principles contained in the Uniform Guidance.

Amounts reported in the Grant Section Auditor's Report reconcile with this schedule.

Inventory values are based on the USDA value for donated food commodities, and include spoilage.

Pass-through entity identifying numbers are presented where available. Jenison Public Schools has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 3. Reconciliation to Financial Statements

*Year ended June 30, 2017*

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Federal revenue per financial statements	\$ 3,149,139
Less federal interest rate subsidy	(739,214)
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<b>Expenditures of Federal Awards</b>	<b>\$ 2,409,925</b>

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## Schedule of Findings and Questioned Costs

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# Jenison Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2017

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

*Financial Statements*

Type of auditor's report issued:	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	none reported
Noncompliance material to financial statements noted?	no

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	none reported
Type of auditor's report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200, 516(a)?	no
Identification of major programs:	

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	yes

# Jenison Public Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2017

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### Section II - Findings Related to the Financial Statements

#### 2017-001 Accounts Payable Cut-Off

*Criteria:* The District's internal control structure should ensure that all invoices are recorded in the period in which the District receives the goods or services, as required by generally accepted accounting principles.

*Condition:* During the course of our audit, we identified a significant unrecorded liability in one of the capital project funds for two construction invoices that the District received in July of 2017 for goods and services received during May and June of 2017. The District is responsible for ensuring that invoices are recorded in the appropriate accounting period and that proper cut-off procedures are performed. Additionally, the District should record expenditures for goods received in the account period during which the District receives the goods and services, regardless of when the invoice is actually received and paid.

*Context:* Audit adjustments were made to the 2016 Capital Projects Fund to record the accounts payable and related capital outlay expenditures related to these invoices.

*Effect:* Errors identified totaled approximately \$1,504,000, which resulted in the accounts payable balance and related expenditures being understated by this amount. These errors were fully corrected by the District and balances were properly stated as of June 30, 2017.

*Cause:* The District did not have proper controls in place to ensure that all invoices related to goods and services received prior to June 30, 2017 were identified and recorded in the proper period.

*Recommendation:* We recommend that the District implement a policy to ensure that all expenditures and liabilities are recorded in the period in which the District receives the goods or services being performed.

*Views of responsible officials and planned corrective actions:* The District has taken the auditor's recommendation into consideration and will take the necessary actions to ensure that appropriate policies and procedures are implemented to ensure that these types of transactions are recorded properly.

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

There were no findings or questioned costs.