

YALE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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7) GENERAL LONG-TERM DEBT

A) Building and Site Bonds Payable

On September 29, 2005, the District issued \$16,455,000 General Obligation Unlimited Tax Refunding Bonds for the purpose of partially refunding 1993 Building and Site Bonds and 1997 Building and Site Bonds. The 2005 bonds are due in annual installments of \$690,000 to \$750,000 through May 1, 2027; interest ranging from 3.5% to 5% payable semi-annually. At June 30, 2016, \$8,250,000 of bonds outstanding are considered defeased.

2012 Debt Refunding Bonds

On July 18, 2012, the District issued \$6,540,000 of General Obligation Refunding Bonds, Series 2012, with an average interest rate of 3.0%. The bonds consist of serial bonds bearing fixed rates at 3% with annual maturities from May 2014 through May 2023. The District issued the bonds to refund the outstanding 2003 Bond Issue which are due and payable May 1, 2014 through May 1, 2023, inclusive, with a variable interest rate of 3.15% to 4.35%. The balance at June 30, 2016 was \$4,765,000. Payments on this debt are recorded in the District's 2012 Bond Debt Retirement Fund.

2012 School Improvement Bonds – Qualified Zone Academy Bonds

The District issued School Improvement Bonds (QZAB) dated December 7, 2013, in the amount of \$1,285,000, bearing interest at 4.1% per annum. The bonds are due in annual installments of \$85,000 to \$90,000 through May 1, 2028. The balance of the bonds as of June 30, 2016 was \$1,030,000. Payments on this debt are recorded in the District's General Fund.

2013 School Technology and Bus Bonds

The District issued 2013 School Technology and Bus Bonds dated May 17, 2013, in the amount of \$1,940,000, bearing interest at 1.75% per annum. The bonds were issued to partially renovate school buildings for technology purposes, acquiring and installing technology equipment and purchase school buses. The bonds are due in annual installments of \$40,000 to \$460,000 through May 1, 2022. The balance of the bonds as of June 30, 2016 was \$1,655,000. Payments on this debt are recorded in the District's 2013 School Technology and Bus Bonds Debt Fund.

2015 Debt Refunding Bonds

On March 24, 2015, the District issued \$8,965,000 of General Obligation Refunding Bonds, Series 2015, with an average interest rate of 2.7%. The bonds consist of serial bonds bearing fixed rates at 2.7% with annual maturities from May 2015 through May 2027. The District issued the bonds to refund the outstanding 2005 Bond Issue which are due and payable May 1, 2005 through May 1, 2027, inclusive, with a variable interest rate of 3.25% to 5%. The balance at June 30, 2016 was \$8,200,000. Payments on this debt are recorded in the District's 2015 Bond Debt Retirement Fund.

B) Installment Purchase Agreement

In March, 2011, the district borrowed funds from Tri-County Bank, Yale, MI to finance the purchase of photocopy equipment district-wide. The installment contract was paid in full during the year.

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7) GENERAL LONG-TERM DEBT (Continued)

C) The annual principal requirements for all debts outstanding as of June 30, 2016 are as follows:

	Bonds Payable	Interest	Total
June 30, 2017	\$1,655,000	\$433,801	\$2,088,801
June 30, 2018	1,700,000	387,121	2,087,121
June 30, 2019	1,745,000	339,343	2,084,343
June 30, 2020	1,790,000	291,109	2,081,109
June 30, 2021	1,835,000	242,431	2,077,431
June 30, 2022-2026	5,990,000	560,703	6,550,703
June 30, 2027-2028	935,000	27,766	962,766
<u>TOTAL</u>	<u>\$15,650,000</u>	<u>\$2,282,274</u>	<u>\$17,932,274</u>

The payment dates of sick days payable are undeterminable. The interest expenditures on long-term obligations for the year were \$501,903.

D) CHANGES IN GENERAL LONG-TERM DEBT

<u>Governmental Activities:</u>	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
Bonds Payable	\$17,260,000	\$0	\$1,610,000	\$15,650,000	\$1,655,000
Issuance Discount	(63,876)	5,323	0	(58,553)	0
Issuance Premium	241,350	0	30,169	211,181	30,169
Installment Contracts	10,602	0	10,602	0	0
Vacation & Sick Days Payable	333,955	0	13,678	320,277	0
<u>Total Governmental Activities</u>	<u>\$17,782,031</u>	<u>\$5,323</u>	<u>\$1,664,449</u>	<u>\$16,122,905</u>	<u>\$1,685,169</u>

8) INTERFUND ACTIVITY

Interfund balances at June 30, 2016 consisted of the following:

<u>DUE TO</u>	<u>DUE FROM</u>		
	General Fund	Capital Projects	Total
	General Fund	\$0	\$28,582
Food Service Fund	40,000	0	40,000
Latchkey	50,000	0	50,000
<u>TOTAL</u>	<u>\$90,000</u>	<u>\$28,582</u>	<u>\$118,582</u>

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

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9) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, consisted of the following:

TRANSFERS TO	TRANSFERS FROM		
	Food Service	Latchkey	Total
General Fund	<u>\$40,000</u>	<u>\$50,000</u>	<u>\$90,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the fund servicing the debt as debt payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

10) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	\$109,352
Food Service	200,658
Latchkey	14,079
Capital Projects	<u>716,682</u>
<u>TOTAL</u>	<u>\$1,040,771</u>

11) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html>.

Benefits Provided

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

Pension Reform 2010

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