

Fraser Public Schools
Long-term Debt
As of June 30, 2018

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include notes payable and compensated absences.

Long-term liability balances and activity for the year ended June 30, 2018 were as follows:

GOVERNMENTAL ACTIVITIES	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
General Obligation Debt:					
Bonds payable	\$ 85,575,000	\$ -	\$ 4,200,000	\$ 81,375,000	\$ 4,750,000
School Loan Revolving Fund	5,952,602	1,677,000	-	7,629,602	-
Bond premium	10,627,743	-	999,658	9,628,085	-
Other Liabilities:					
Compensated absences	1,190,250	409,415	297,762	1,301,903	98,807
Total	<u>\$103,345,595</u>	<u>\$ 2,086,415</u>	<u>\$ 5,497,420</u>	<u>\$ 99,934,590</u>	<u>\$ 4,848,807</u>

Annual debt service requirement to maturity for the above governmental bond and note obligations are as follows:

<u>YEAR ENDED JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 4,750,000	\$ 3,528,293	\$ 8,278,293
2020	4,920,000	3,368,768	8,288,768
2021	5,075,000	3,199,180	8,274,180
2022	5,260,000	3,034,342	8,294,342
2023	5,425,000	2,830,562	8,255,562
2024-2028	25,625,000	10,961,506	36,586,506
2029-2033	13,715,000	5,621,750	19,336,750
2034-2038	7,635,000	4,049,000	11,684,000
2039-2043	5,770,000	1,611,500	7,381,500
2044-2048	3,200,000	321,250	3,521,250
Total	<u>\$81,375,000</u>	<u>\$38,526,151</u>	<u>\$119,901,151</u>

Additional details related to bonds and notes payable are provided in Schedule 2.

Other long-term liabilities are as follows:

Employee accumulated sick bank	\$ 1,172,058
Accumulated sick pay for retired employees	<u>129,845</u>
Total	\$ 1,301,903
Less: Current portion due within one year	<u>98,807</u>
Total Long-Term Portion	<u><u>\$ 1,203,096</u></u>

School Loan Revolving Fund - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are determined annually by the State Administrative Board and are the greater of 3.0% or the average annual cost of funds based on the average rate paid by the state on debt obligations issued to finance the loan program plus 0.125%. Interest has been assessed for the year ended June 30, 2018 at an annual rate of 3.10164%. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2047. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Prior-Year Defeasance of Debt – In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At June 30, 2018, \$7,000,000 of bonds outstanding are considered defeased.