

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

	obligation bonds	Compensated absences	Total
Balance July 1, 2018	\$ 14,354,494	\$ 151,837	\$ 14,506,331
Additions	-	11,840	11,840
Deletions	(1,172,450)	-	(1,172,450)
Balance June 30, 2019	13,182,044	163,677	13,345,721
Due within one year	(1,120,000)	(16,368)	(1,136,368)
Due in more than one year	<u>\$ 12,062,044</u>	<u>\$ 147,309</u>	<u>\$ 12,209,353</u>

Long-term obligations at June 30, 2019 is comprised of the following:

2015 Refunding bonds due in annual installments of \$770,000 to \$820,000 through May 1, 2024 with interest of 1.84%.	\$ 3,990,000
2016 Refunding bonds due in annual installments of \$350,000 to \$1,590,000 through May 1, 2028 with interest of 4.00%.	8,315,000
Add issuance premiums	<u>877,044</u>
Total general obligation bonds	13,182,044
Compensated absences	<u>163,677</u>
Total general long-term obligations	<u>\$ 13,345,721</u>

Interest expense for the year ended June 30, 2019 was approximately \$428,000.

In prior years, the District has 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, 2019, \$9,030,000 of bonds outstanding are considered defeased.

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (Concluded)

The annual requirements to amortize long-term debt outstanding as of June 30, 2019, including interest of \$2,342,640 are as follows:

Year ending June 30,	General obligation bonds		Compensated absences	Total
	Principal	Interest		
2020	\$ 1,120,000	\$ 406,016	\$ -	\$ 1,526,016
2021	1,185,000	377,848	-	1,562,848
2022	1,250,000	347,404	-	1,597,404
2023	1,315,000	314,684	-	1,629,684
2024	1,370,000	279,688	-	1,649,688
2025 - 2028	6,065,000	617,000	-	6,682,000
	12,305,000	2,342,640	-	14,647,640
Issuance premiums	877,044	-	-	877,044
Compensated absences	-	-	163,677	163,677
	<u>\$ 13,182,044</u>	<u>\$ 2,342,640</u>	<u>\$ 163,677</u>	<u>\$ 15,688,361</u>

At June 30, 2019, fund balance of \$1,755,411 is available in the debt service funds to service the general obligation debt.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) 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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.michigan.gov/ors schools.