

7. LONG-TERM DEBT

The following is a summary of debt transactions of the District for the year ended June 30, 2017:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds						
Refunding serial bonds (2007) due in annual installments of \$950,000 to \$1,345,000 through May 1, 2024; interest from 4% to 5%	\$ 21,250,000	\$ 9,885,000	\$ -	\$ (9,885,000)	\$ -	\$ -
Building and site bonds (2010) due in annual installments of \$425,000 to \$2,050,000 through May 1, 2030; interest from 2% to 5%	20,275,000	17,725,000	-	(450,000)	17,275,000	475,000
Refunding serial bonds (2010) due in annual installments of \$460,000 to \$490,000 through May 1, 2022; interest from 3.25% to 4%	5,260,000	2,855,000	-	(470,000)	2,385,000	490,000
Refunding serial bonds (2012) due in annual installments of \$850,000 to \$1,990,000 through May 1, 2029; interest from 3% to 5%	21,745,000	19,870,000	-	(1,135,000)	18,735,000	1,170,000
Refunding serial bonds (2015) due in annual installments of \$1,540,000 to \$3,510,000 through May 1, 2025; interest from 4% to 5%	25,055,000	23,515,000	-	(1,895,000)	21,620,000	2,040,000
Building and site bonds (2015) due in annual installments of \$400,000 to \$4,325,000 through May 1, 2035; interest from 4% to 5%	38,250,000	37,850,000	-	(650,000)	37,200,000	775,000
Refunding serial bonds (2017) due in annual installments of \$930,000 to \$1,250,000 through May 1, 2024; interest at 4%	8,065,000	-	8,065,000	-	8,065,000	1,190,000
Notes payable						
Water and sewer special assessments due to Holland Charter Township. The assessments require annual payments of principal and interest at rates of 8%.	Various	25,752	-	(4,998)	20,754	4,997
Note payable to The Apple Financial for purchase of Ipads (2013). This note requires annual payments of principal and interest of \$148,852 at 2.40%, due July 17, 2016.	516,700	145,363	-	(145,363)	-	-
Compensated absences payable		107,283	-	(44,057)	63,226	-
Special termination benefits payable		754,572	-	(233,907)	520,665	225,044
Total Governmental Activities		<u>\$ 112,732,970</u>	<u>\$ 8,065,000</u>	<u>\$ (14,913,325)</u>	<u>\$ 105,884,645</u>	<u>\$ 6,370,041</u>

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

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Special Termination Benefits

Special Termination Benefits are offered to members of the Zeeland Education Association as an incentive/severance pay. The schedule of benefits is outlined in the negotiated contract between Zeeland School Board and Zeeland Education Association. The benefits and payments can be scheduled over one to seven years and are reflected as expenditures when granted. The estimated liability for future payments is recorded as a non-current liability in the government-wide statement of net position.

Summary of Total Outstanding Debt

The annual requirements to service the total debt outstanding, including both principal and interest, are as follows:

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