

Walden Green Montessori  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2020 is as follows:

**Due to/from other funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$ 57,000</u>

The outstanding balances between funds result mainly 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 system, and (3) payments between funds are made.

**Interfund Transfers**

The General Fund transferred \$313,500 to the Debt Service Fund to fund debt service payments.

**NOTE G—LONG-TERM OBLIGATIONS**

The School issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School.

The following is a summary of long-term obligations activity for the School for the year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>one year</u>
<b>Governmental activities</b>					
Bonds	\$ 3,465,000	\$ -	\$ 115,000	\$ 3,350,000	\$ 120,000
Discount	(137,085)	-	(8,144)	(128,941)	-
	<u>\$3,327,915</u>	<u>\$ -</u>	<u>\$ 106,856</u>	<u>\$ 3,221,059</u>	<u>\$ 120,000</u>

The governmental activities bonds are secured by future state aid of the School. If the School defaults, the bonds are callable.

General obligation bonds consist of the following:

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u>
General obligation bonds			
2006 Limited Obligation Revenue Bond	5.25-5.625%	October 2036	<u>\$3,350,000</u>

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**NOTE G—LONG-TERM OBLIGATIONS—Continued**

The annual requirements of principal and interest to amortize the bonds as of June 30, 2020 follow:

<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 120,000	\$ 186,550	\$ 306,550
2022	130,000	180,250	310,250
2023	135,000	173,425	308,425
2024	145,000	166,000	311,000
2025	150,000	158,025	308,025
2026-2030	900,000	654,688	1,554,688
2031-2035	1,185,000	372,094	1,557,094
2036-2037	585,000	41,484	626,484
	<b>\$ 3,350,000</b>	<b>\$ 1,932,516</b>	<b>\$5,282,516</b>

**NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPSERS) 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.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

**Benefits Provided – Pension**

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. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.