

## **Michigan School Loan Revolving Fund General Instructions for Completing Annual Repayment Activity Application**

It is a statutory requirement that the district submit a completed *Annual Repayment Activity Application* 60 days prior to certifying its annual tax levy. Once a district begins borrowing from the fund, it must continue to follow the annual activity application process each year until the loan balance is paid off.

This application process provides the mechanism for the district to determine the allocation of the debt millage between debt retirement funds (if the district has more than one), and an estimate of the amount to be repaid to the state. These planning actions are required to provide assurance that all legal requirements are being met at the local level and to allow the Michigan Department of Treasury to take the necessary action in planning for the needs of the borrowing districts.

This worksheet will determine an estimated amount to be repaid no later than **May 15, 2017**. An invoice will be sent out in September. Whenever it is determined that there are excess funds on hand, payment(s) may be made at anytime throughout the year.

It is **imperative** that you use the proper *Annual Repayment Worksheet* based on how property taxes are collected in your district. Please verify that you are using the proper worksheet based on when the taxes are levied. (Winter Levy districts: the winter levy worksheet provides for setting aside November 1, 2017 debt service funds to avoid over-repayment in the current fiscal year.)

**Please verify that your debt service payments were filled correctly in the worksheet.**

If you need assistance with the application contact the School Bond Loan Program at (517) 373-3962.

# Annual Repayment Activity Application Packet

## Who completes the Annual Repayment Activity Application for a State loan?

School Districts reaching the repayment stage to the School Bond Loan Program (SBLP) must complete the application each year before certifying the annual tax levy. This worksheet provides the mechanism for the district to properly allocate the debt millage between multiple debt retirement funds.

## What steps are required to complete an Annual Repayment Application?

The designated SLRF contact person at the district needs to complete the *Annual Repayment Worksheet* and draft *Board Resolution*. The board needs to adopt the *Board Resolution* at an official meeting.

## When is the application due?

August 1, 2016.

## What if I cannot get board approval by this due date?

The SBLP program is seeking to avoid the need for special board meetings to approve documents. If you are unable to obtain board approval at a regularly scheduled meeting during July, please take the following actions:

- Complete the Annual Repayment Worksheet and return along with *reconciled* bank statements and Cover Transmittal by August 1. Indicate the date of your next board meeting.
- Adopt the Board Resolution at your first August board meeting and submit immediately after.

## Why do I need local School Board approval on the annual repayment activity application?

PA 92 of 2005 requires that an authorized board resolution be submitted as part of the annual activity application. This ensures that the School Board is informed of the estimated repayment and total outstanding loan balance.

## Our district has more than one debt service account. How should the millage be allocated?

School districts should allocate their millage between debt service accounts based on the amount of funds needed for debt service during the upcoming tax year. This method will result in a.) the use of fund balances in all debt service accounts, b.) reassuring that the district will have sufficient funds to cover the upcoming debt service payments.

In most cases this percentage allocation will verify that the district will have sufficient funds to make their annual debt service payments. However, there can be special circumstances where this method is not legally permissible. Proper millage allocation is the sole responsibility of the school district. **If you need to make significant adjustments to the actual millage allocation as compared to the prorated millage allocation, please provide a brief explanation of your basis.**

Your (bond) financial advisor can assist in addressing special financial situations such as variable rate or Qualified Zone Academy Bonds, Qualified School Construction Bonds and/or Build America Bonds. The district shall deposit all federal interest credits received with respect to its qualified bonds issued as direct credit type bonds into the debt retirement fund payable for such bond. Your bond counsel can assist in addressing legal situations where bond issues cannot be assessed across all taxing issues.

## Line-by-Line Instructions for Annual Repayment Activity Application Worksheet Summer or Split Tax Levy

- Heading** Enter the *School District Code, School District Name, Total Qualified Debt Millage to be Levied*, and the *2016 Taxable Valuation* in the spaces provided.
- Column A** *Bond Issue Date.* List each bond separately by issue date in the MM/DD/YY format. If the bond is a variable rate issue, indicate with “VAR” and attach a current principal and interest payment schedule.
- Column B** *November 1, 2016 Debt Service Payment.* List the November 1, 2016 debt service payment for each bond. Include the total principal and interest due. (verify amount)
- Column C** *May 1, 2017 Debt Service Payment.* List the May 1, 2017 debt service payment for each bond. Include the total principal and interest due. (verify amount)
- Column D** *Fees.* List any fees associated with the bond debt service payments.
- Column E** *Total Debt Service Payments.* Total columns B, C, and D. This is the total debt service due from November 1, 2016 through May 31, 2017.
- Column F** *Reconciled Debt Fund Balance, June 30, 2016.* List the debt retirement fund balances as of June 30, 2016 (or your most recent bank statement). This includes cash, investments, accrued interest, and any other funds that will be available for debt service payments. The balance listed on the worksheet **must** equal the balance on the bank statements or reconciliation. E.g., if a \$50 dollar balance is stated on the worksheet, it must be supported with documentation equaling \$50.
- Column G** *Estimated \$ Delinquency.* Enter the probable delinquency in tax collections for each debt fund.
- Column H** *Amount to Repay SLRF.* List amount of payments that will be made to the SLRF between June 30, 2016 and September 30, 2016.
- Column I** *Funds Needed for Nov2016/May2017 Debt Service Payments.* Column E minus column F plus column G plus column H.
- Column J** *Prorated Millage Allocation.* Column I divided by Total of column I multiplied by the total millage to be levied. This method of allocation will result in borrowing for every fund.
- Column K** *Actual Millage Allocation.* Enter the actual millage allocation that will be certified to the assessing officer. This may be different from the prorated allocation. Use this step to correct decimal rounding problems or address special allocation situations (e.g. where a bond issue can not be legally assessed across all taxing units). Proper allocation is the sole responsibility of the school district.
- Column L** *Revenues to be collected from the 2016 Tax Levy.* Column K times the Taxable Value divided by 1000.
- Column M** *Estimated Amount to Repay the SLRF after making the Nov2016/May2017 Debt Service Payments.* Column L minus column I.
- Column N** *Estimated TOTAL Amount to Repay SLRF for Fiscal Year ending 6/30/2017.* Column H plus column M.

## Line-by-Line Instructions for Annual Repayment Activity Application Worksheet Winter Tax Levy

- Heading** Enter the *School District Code, School District Name, Total Qualified Debt Millage to be Levied*, and the tax year *2016 Taxable Valuation* in the spaces provided.
- Column A** *Bond Issue Date.* List each bond separately by issue date in the MM/DD/YY format. If the bond is a variable rate issue, indicate with “VAR” and attach a current principal and interest payment schedule.
- Column B** *May 1, 2017 Debt Service Payment.* List the May 1, 2017 debt service payment for each bond. Include the total principal and interest due. (verify amount)
- Column C** *November 1, 2017 Debt Service Payment.* List the Nov 1, 2017 debt service payment for each bond. Include the total principal and interest due. (verify amount)
- Column D** *Fees.* List any fees associated with the bond debt service payments.
- Column E** *Total 2017 Debt Service Payments.* Total columns B, C, and D. This is the total debt service due from January 1, 2017 through December 31, 2017.
- Column F** *Reconciled Debt Fund Balance, June 30, 2016.* List the debt retirement fund balances as of June 30, 2016 (or your most recent bank statement). This includes cash, investments, accrued interest, and any other funds that will be available for debt service payments. The balance listed on the worksheet **must** equal the balance on the bank statements or reconciliation. E.g., if a \$50 dollar balance is stated on the worksheet, it must be supported with documentation equaling \$50.
- Column G** *November 1, 2016 Debt Service Payment.* List the Nov 1, 2016 debt service payment for each bond. Include the total principal and interest due. (verify amount)
- Column H** *Amount to Repay the SBLP.* Column F minus column G. If less than 0, enter 0.
- Column I** *Funds Needed for 2016 Debt Service Payments.* Column E minus column F plus column G plus column H.
- Column J** *Prorated Millage Allocation.* Column I divided by Total of column I multiplied by the total millage to be levied. This method of allocation will result in borrowing from every fund.
- Column K** *Actual Millage Allocation.* Enter the actual millage allocation that will be certified to the assessing officer. Use this step to correct decimal rounding problems or address special allocation situations (e.g. where a bond issue can not be legally assessed across all taxing units). Proper allocation is the sole responsibility of the school district.
- Column L** *Revenues to be collected from the 2016 Tax Levy.* Column K times the Taxable Value divided by 1000.
- Column M** *Estimated Amount to Repay the SBLP after the 2017 Debt Service Payments.* Column L minus column I.
- Column N** *Estimated TOTAL Amount to Repay SBLP for Fiscal Year ending 6/30/2017.* Column H plus column M.

# Instructions for Completing Board of Education Resolution – Page 2 Worksheet

## Estimated School Loan Activity

Qualified Bond Debt Millage (Tax Year 2016)		
Combined Beginning Balance Owed to SBLF & SLRF (6/30/16)		
Estimated Amount To Repay SLRF		
Estimated Accrued Interest (use 5% average interest rate)		
Estimated Combined Ending Balance Owed to SBLF & SLRF (6/30/17)		

(Use this information to complete your Board Resolution)

- **Qualified Bond Debt Millage** – Refer to the Annual Repayment Worksheet, debt millage to be levied for tax year 2016.
- **Beginning Balance Owed to SBLF and/or SLRF** - Refer to the final balance on your SBLF/SLRF Detail Statement of Account which can be found online at <https://treas-secure.state.mi.us/lbms/> or contact the SBQL Program at (517) 373-3962.
- **Estimated Amount To Repay the SLRF in FY2017**

Estimated Amount to repay the SLRF (taken from Repayment Worksheet)	
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- **Estimated Accrued Interest in FY2017** – Complete the following calculation to estimate the amount of interest that will be accrued.

Estimated Interest on Existing SBLF and/or SLRF Balance Beginning balance at 6/30/16 * .05	
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