

**LEELANAU MONTESSORI PUBLIC SCHOOL ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT

The Academy entered into an advance mortgage construction loan for the purchase and renovation of a building. The maximum principal amount secured by this instrument at any one time will not exceed \$1,092,000. The mortgage bears interest of 3.50% above a United States Treasury 5 year index rate for an actual interest rate of 6.30%. The interest rate will change every five years from the loan anniversary date based on the adjustment of this index. At June 30, 2018, \$799,720 was outstanding.

The annual requirements to amortize long-term debts outstanding are as follow:

Year ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 50,388	\$ 50,388
2020	14,902	50,130	65,032
2021	22,133	48,811	70,944
2022	23,568	47,376	70,944
2023	25,097	45,847	70,944
2024 - 2028	152,111	202,609	354,720
2029 - 2033	208,261	146,459	354,720
2034 - 2038	285,134	69,586	354,720
2039	68,514	2,430	70,944
	<u>\$ 799,720</u>	<u>\$ 663,636</u>	<u>\$ 1,463,356</u>

Changes in long-term debt for the year ending June 30, 2018 are summarized as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year
Building loan	\$ -	\$ 799,720	\$ -	\$ 799,720	\$ -
Compensated absences	9,938	1,875	-	11,813	1,181
Totals	<u>\$ 9,938</u>	<u>\$ 801,595</u>	<u>\$ -</u>	<u>\$ 811,533</u>	<u>\$ 1,181</u>