

## MADISON ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
 FOR THE YEAR ENDED JUNE 30, 2013  
 See Independent Auditor's Report

### NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2012 can be summarized as follows:

#### Loan Information

	Interest Rate	Maturity Date	Other
Capital lease 2	7.00%	May, 2015	Monthly payment of \$8,768, secured by equipment.
Revenue bond 1	8.29%	June, 2040	Collateralized by a mortgage on the Academy's facility as well as a pledge for 20% of the state school aid payments and funds held in trust for debt service. MPEFA contribution of \$668,856.
Revenue bond 2	8.25%	June, 2040	Collateralized by a mortgage on the Academy's facility as well as a pledge for 20% of the state school aid payments and funds held in trust for debt service. MFA contribution of \$354,010.

#### Loan Activity

	Balance July 1, 2012	Additions	Retirements and Payments	Balance June 30, 2013	Due Within One Year
Capital lease 2	\$ 265,965	\$ -	\$ 87,091	\$ 178,874	\$ 94,320
Revenue bond 1	7,110,000	-	65,000	7,045,000	75,000
Revenue bond 2	3,845,000	-	45,000	3,800,000	40,000
	<u>\$ 11,220,965</u>	<u>\$ -</u>	<u>\$ 197,091</u>	<u>\$ 11,023,874</u>	<u>\$ 209,320</u>

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	Principal	Interest
2014	\$ 209,320	\$ 910,267
2015	209,554	893,206
2016	135,000	880,016
2017	145,000	869,178
2018 - 2022	930,000	4,148,178
2023 - 2027	1,390,000	3,684,656
2028 - 2032	2,110,000	2,973,084
2033 - 2037	3,205,000	1,869,975
2038 - 2040	2,690,000	355,969

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**NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE - Continued**

Following are minimum future lease agreements under capital leases for the next two years and in total:

2014	\$	105,221
2015		<u>87,684</u>
Subtotal		192,905
Less amount representing interest		<u>14,031</u>
Present value of minimum lease payments	\$	<u><u>178,874</u></u>

**NOTE 9 - RETIREMENT PLAN**

All employees leased by the Academy are eligible to participate in a retirement plan established by TRG which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The employer under this plan will contribute 4% of salaries regardless of the amount of the employee contribution. The employer will additionally match up to 4% of employee contributed funds. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

**NOTE 10 - INTERFUND TRANSFERS**

During the normal course of the school year the Academy transferred amounts between its major funds as follows:

	<u>General</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 865,031
Transfer Out	865,031	-

As stipulated by the Academy's revenue bond agreement as described in Note 8, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. These above transactions account for the major activity in the Academy's interfund transfer accounts.