

NOTE G - LONG-TERM LIABILITIES

Changes in long-term debt during the year ended June 30, 2013 were as follows:

Governmental Activities

	Beginning <u>Balance</u>	<u>New Debt</u>	<u>Payments</u>	Ending <u>Balance</u>	Current <u>Portion</u>
General obligation bonds	\$ 1,531,320	\$ -	\$ (46,985)	\$ 1,484,335	\$ 25,000
Accumulated leave liability*	<u>165,242</u>	<u>13,651</u>	<u>-</u>	<u>178,893</u>	<u>-</u>
Long-term debt	<u>\$ 1,696,562</u>	<u>\$ 13,651</u>	<u>\$ (46,985)</u>	<u>\$ 1,663,228</u>	<u>\$ 25,000</u>

*Accumulated leave liability payments represents the net effect of additional vacation days earned in excess of being used during the year.

Payments on general obligation bonds are made by the Debt Service Funds. The accumulated leave liability will be liquidated primarily by the Special Education Fund.

At June 30, 2013, the School District's long-term debt consisted of the following:

General Obligation Bonds

2007 West Shore Bank School Technology Bond ; due in annual installments of \$25,000 to \$90,000 through May 1, 2025 with semi-annual interest thereon at a rate of 4.59%.	\$ 505,000
2004 School Improvement Bonds (QZAB) ; due in August 2018; no annual installments; interest rate at zero.	<u>979,335</u>
Total general obligation bonds payable	1,484,335
Accumulated leave liability	<u>178,893</u>
Total long-term debt	<u>\$ 1,663,228</u>

Total annual requirements to amortize bonds outstanding as of June 30, 2013 are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 25,000	\$ 23,180
2015	25,000	22,032
2016	25,000	20,884
2017	25,000	19,732
2018	1,004,335	18,590
2019-2023	200,000	74,358
2024-2028	<u>180,000</u>	<u>12,393</u>
	<u>\$ 1,484,335</u>	<u>\$ 191,169</u>

Interest expense for the year ended June 30, 2013 was \$25,498.

Accumulated Leave Liability

Employees of the School District accumulate days of compensated sick leave and compensated time benefits, as specified by the bargaining units' contract. This benefit vests after five years of employment. Upon either resignation or retirement, the employees are compensated at daily rates specified in the bargaining units' contracts.

2004 School Improvement Bonds

The 2004 School Improvement Bonds are "qualified zone academy bonds" ("QZAB") under Section 1397E(d)(6) of the Internal Revenue Code, allowing holders of the bonds certain income tax credits. The QZAB bonds are due in August 2018, but require annual deposits of \$58,136 into a Sinking Fund beginning August 2005. The escrow account balance was \$523,109 at June 30, 2013. The Sinking Fund deposits plus the interest earned thereon, which is fixed at 2.71%, will be sufficient to pay off the bonds upon maturity. Any spread from the Sinking Fund account will be paid to the purchaser of the bonds.