

Statement of Indebtedness Form

Question: I have a question pertaining to the "Debt" tab (that is page 5 of the budget). We have a Temporary Note that we are paying off on August 1, 2012. The interest that will be paid at closing is \$624.99; the principal amount is \$375,000.00. My question is will I need to even record this in the "Amount Due 2012" column under the Interest or Principal sub-columns?

Answer: We recommend that you show the payment of interest and principal on the temporary note issue to be paid on August 1, under the 2012 Column. This aids in transparency and shows that the debt is reduced.

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Question: I have a sewer bond that we have elected to pay an extra \$100,000 on every year. The bond is a USDA 40 year issue and we found that if we add the extra \$100,000 we can pay it in 20 instead. Assets won't last 40 years anyway.

Do we need to add that extra \$100,000 to the debt service page (page 5)? I do include it on the Sewer fund page but I did not identify it separately. What do you think?

Answer: Good morning. On the debt service page (page 5) you should show the debt payments due according to the amortization schedule or bond documents. For transparency, in the Sewer Fund, consider showing the scheduled payment as a line item separate from the additional \$100,000 (e.g. "additional debt service principal").

Hope this information helps.

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