

Bad River Band of Lake Superior Tribe of Chippewa Indians

Notes to Financial Statements

Note 7 Long-Term Debt

Long-term liability activity for the year ended September 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes	\$195,751	\$36,000	\$32,914	\$198,837	\$107,696
Bonds	5,160,000		260,000	4,900,000	260,000
Less - Deferred amounts for issuance costs	(220,696)		(7,610)	(213,086)	
PECFA loans	22,754	34,036	8,927	47,863	47,863
Capital lease		62,650	22,610	40,040	9,706
Landfill closure costs	2,001		2,001		
Total governmental activities	\$5,159,810	\$132,686	\$318,842	\$4,973,654	\$425,265
Business-type activities -					
Notes	\$3,109,164	\$1,425,435	\$1,425,413	\$3,109,186	\$681,780

Bonds

The bonds bear interest at a variable rate determined weekly based on current rates of similar tax-exempt bonds (1.7% as of September 30, 2005). Interest is payable monthly. The bonds are subject to conversion to a fixed rate at the option of the Tribe. Until such time as the bonds are converted to a fixed rate, the bonds must be redeemed on the demand of the owners thereof. After conversion, the Tribe may repay the bonds on certain optional redemption dates prior to their maturity. The Tribe expects to refinance the bonds if called.

The Tribe is voluntarily making weekly deposits of \$10,600 to an optional sinking fund. As of September 30, 2005, \$213,879 was on deposit in the sinking fund and is designated for future bond redemptions.

The bonds are supported by an irrevocable letter of credit, collateralized by a first mortgage on approximately 23,000 acres of land purchased with the bond proceeds. The maturity date of the letter of credit is September 29, 2010. The letter of credit requires the Tribe to call for redemption of \$65,000 of principal quarterly beginning January 1, 2004. If the Tribe is unable to obtain a similar letter of credit upon the expiration of the current letter of credit, the bondholders may accelerate the maturity date of the bonds.

* All Casino revenues have been pledged to secure bonds issued by the Tribe's General Fund for land purchases.