

Kalamazoo Valley Community College

Notes to Financial Statements June 30, 2024 and 2023

Note 12 - Long-term Obligations

The College's long-term liability activity for the year ended June 30, 2024 is as follows:

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
2014 Bonds	\$ 5,206,990	\$ -	\$ (680,999)	\$ 4,525,991	\$ (695,999)
Lease liability	126,914	-	(50,580)	76,334	(30,323)
Subscription liability	1,222,458	3,080,179	(858,566)	3,444,071	(943,341)
Total	<u>\$ 6,556,362</u>	<u>\$ 3,080,179</u>	<u>\$ (1,590,145)</u>	<u>\$ 8,046,396</u>	<u>\$ (1,669,663)</u>

The College's long-term liability activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
2014 Bonds	\$ 5,867,988	\$ -	\$ (660,998)	\$ 5,206,990	\$ (680,999)
Lease liability	7,967,017	-	(7,840,103)	126,914	(39,781)
Subscription liability	1,373,933	674,540	(826,015)	1,222,458	(722,516)
Total	<u>\$ 15,208,938</u>	<u>\$ 674,540</u>	<u>\$ (9,327,116)</u>	<u>\$ 6,556,362</u>	<u>\$ (1,443,296)</u>

The 2014 general obligation, limited-tax bonds were issued in December 2014, as authorized by the board of trustees for the construction of capital projects. Bond principal payments range from \$685,000 to \$800,000 and are due annually each May through maturity in fiscal year 2030. Interest payments are due semiannually through maturity at rates ranging from 3.00 percent to 3.25 percent. At June 30, 2024 and 2023, the unamortized bond premium outstanding amounts to \$65,991 and \$76,990, respectively.

As of June 30, 2024, bond maturities are as follows:

Years Ending June 30	Debt Obligations			
	Principal	Premium	Interest	Total
2025	\$ 685,000	\$ 10,999	\$ 139,613	\$ 835,612
2026	715,000	10,999	119,062	845,061
2027	735,000	10,999	97,613	843,612
2028	750,000	10,999	75,562	836,561
2029	775,000	10,999	51,188	837,187
2030	800,000	10,996	26,000	836,996
Total	<u>\$ 4,460,000</u>	<u>\$ 65,991</u>	<u>\$ 509,038</u>	<u>\$ 5,035,029</u>

The College's future principal and interest payment requirements related to right to use assets for the lease liability at June 30, 2024 are as follows:

Years Ending June 30	Lease Liability		
	Principal	Interest	Total
2025	\$ 30,323	\$ 2,077	\$ 32,400
2026	42,421	751	43,172
2027	3,590	10	3,600
Total	<u>\$ 76,334</u>	<u>\$ 2,838</u>	<u>\$ 79,172</u>

Kalamazoo Valley Community College

Notes to Financial Statements June 30, 2024 and 2023

Note 12 - Long-term Obligations (Continued)

The College's future principal and interest payment requirements related to the right to use assets for the subscription liability at June 30, 2024 are as follows:

Years Ending June 30	Subscription Liability		
	Principal	Interest	Total
2025	\$ 943,341	\$ 94,614	\$ 1,037,955
2026	758,678	80,899	839,577
2027	694,094	59,079	753,173
2028	512,023	36,817	548,840
2029	535,935	18,840	554,775
Total	<u>\$ 3,444,071</u>	<u>\$ 290,249</u>	<u>\$ 3,734,320</u>

The FSIC had a note payable to New Markets Investment 94, LLC (the Sub CDE) in the amount of \$7,720,000 as of June 30, 2016. The loan consisted of Tranche A for \$5,348,000 and Tranche B for \$2,372,000. The note was evidenced by a note document and an agreement and bore an interest rate of 1.2109 percent. The note was collateralized by the real property assets of the Project. Interest-only payments totaling \$23,371 commenced on March 10, 2016 and were due quarterly through and including December 10, 2022. On December 10, 2022, a residual repayment in the amount of \$20,000 was due. During the year ended June 30, 2023, the NMTC was unwound, and as part of the process, the note payable was forgiven in full.

Note 13 - Upcoming Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.