

KIRTLAND COMMUNITY COLLEGE

Notes to Financial Statements

The College has some property that was financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the property, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College. The cost and accumulated depreciation for these facilities are included in the accompanying statements of net position.

7. LONG-TERM DEBT OBLIGATIONS

Long-term debt obligation activity related to bonds payable for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	\$ 12,645,000	\$ -	\$ (650,000)	\$ 11,995,000	\$ 675,000
2017 General Obligation, Limited Bond	3,940,000	-	(240,000)	3,700,000	245,000
2015 General Obligation, Limited Bond	2,805,000	-	(2,805,000)	-	-
2015 General Obligation, Unlimited Bond	3,230,000	-	(240,000)	2,990,000	250,000
Total bonds payable	22,620,000	-	(3,935,000)	18,685,000	1,170,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	662,270	-	(44,151)	618,119	44,152
Series 2017 Unamortized Bond Premium	292,348	-	(22,489)	269,859	22,489
Series 2015 Unamortized Bond Premium	226,251	-	(116,168)	110,083	11,008
Total long-term obligations	\$ 23,800,869	\$ -	\$ (4,117,808)	\$ 19,683,061	\$ 1,247,649

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Long-term obligation activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	\$ 13,270,000	\$ -	\$ (625,000)	\$ 12,645,000	\$ 650,000
2017 General Obligation, Limited Bond	4,170,000	-	(230,000)	3,940,000	240,000
2015 General Obligation, Limited Bond	3,005,000	-	(200,000)	2,805,000	205,000
2015 General Obligation, Unlimited Bond	3,460,000	-	(230,000)	3,230,000	240,000
Total bonds payable	23,905,000	-	(1,285,000)	22,620,000	1,335,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	706,421	-	(44,151)	662,270	44,152
Series 2017 Unamortized Bond Premium	314,836	-	(22,488)	292,348	22,488
Series 2015 Unamortized Bond Premium	246,820	-	(20,569)	226,251	20,569
Total long-term obligations	\$ 25,173,077	\$ -	\$ (1,372,208)	\$ 23,800,869	\$ 1,422,209

Bond principal and interest are payable from the proceeds of ad valorem taxes levied on all taxable properties in the College's taxing district without limitation as to rate or amount.

2019 General Obligation, Limited Bond

In November 2019, the College issued \$15,000,000 of 2019 community college facilities general obligation limited bonds for the purpose of erecting, furnishing and equipping a College facility; erecting additions to, remodeling, furnishing and refurnishing and equipping and re-equipping a site. The bonds bear interest ranging from 2.875 to 4.00 percent and require annual payments ranging from \$650,000 to \$1,040,000 through 2039.