

## NORTH CENTRAL MICHIGAN COLLEGE

### Notes to Financial Statements

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 totaled \$1,863,058 and \$1,781,943, respectively.

During the year ended June 30, 2013, the College entered into an agreement with the State of Michigan as part of the Capital Outlay program offered by the Michigan State Building Authority (MSBA). The State appropriated approximately \$5,200,000 toward the construction of the College's Health Education and Science Center. The appropriations were funded by the issuance of bonds financed by the MSBA. The MSBA bond issue is secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement among the MSBA, the State of Michigan and the College. During the lease term, which is not to exceed 40 years, the MSBA will hold title to the building, the State of Michigan will make all lease payments to the MSBA and the College will pay all operating and maintenance costs. These lease payments are made out of the State of Michigan general operating budget. The cost and accumulated depreciation for the building is included in the College's capital assets as the College will obtain title to the building at the end of the lease. No corresponding obligations have been recorded since there are no payments due by the College under this lease agreement. At the expiration of the lease, which is when bonds are paid off, the MSBA has agreed to convey the title to the College for one dollar.

### 7. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
<b>Bonds payable</b>					
Series 2017	\$ 3,410,000	\$ -	\$ (345,000)	\$ 3,065,000	\$ 355,000
<b>Other long-term obligations</b>					
Accrued employee benefits payable	167,107	19,618	(6,399)	180,326	10,000
<b>Total long-term obligations</b>	<b>\$ 3,577,107</b>	<b>\$ 19,618</b>	<b>\$ (351,399)</b>	<b>\$ 3,245,326</b>	<b>\$ 365,000</b>

Long-term obligation activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
<b>Bonds payable</b>					
Series 2017	\$ 3,750,000	\$ -	\$ (340,000)	\$ 3,410,000	\$ 345,000
<b>Other long-term obligations</b>					
Accrued employee benefits payable	171,972	20,095	(24,960)	167,107	10,000
<b>Total long-term obligations</b>	<b>\$ 3,921,972</b>	<b>\$ 20,095</b>	<b>\$ (364,960)</b>	<b>\$ 3,577,107</b>	<b>\$ 355,000</b>

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## Notes to Financial Statements

### College Building and Site and Refunding Bonds, Series 2017

At June 30, 2022, general obligation bonds totaling \$3,065,000 were outstanding with an interest rate of 2.198 percent. Principal payments are due annually in May with payments for the upcoming year of \$355,000. Interest payments are due semiannually in May and November ranging from approximately \$4,500 to \$41,000. These bonds are insured and mature in 2030.

Future debt service requirements on bonds payable for years ending after June 30, 2022 are as follows:

Year Ending June 30,	Debt Obligations		
	Principal	Interest	Total
2023	\$ 355,000	\$ 67,369	\$ 422,369
2024	365,000	59,566	424,566
2025	370,000	51,543	421,543
2026	380,000	43,411	423,411
2027	385,000	35,058	420,058
2028-2030	1,210,000	53,521	1,263,521
<b>Totals</b>	<b>\$ 3,065,000</b>	<b>\$ 310,468</b>	<b>\$ 3,375,468</b>

Interest expense was \$86,251 and \$95,314 for the years ended June 30, 2022 and 2021, respectively.

## 8. NET POSITION CLASSIFICATIONS

### Net Investment in Capital Assets

This represents capital assets, net of accumulated depreciation, unspent bond proceeds, deferred charge on refunding, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

### Restricted Net Position

Nonexpendable - This represents the portion of net position whose use by the College and Foundation is subject to externally imposed constraints that require the amounts be retained in perpetuity.

Expendable - This represents the portion of net position whose use by the College and Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and Foundation pursuant to those constraints or that expire by the passage of time.