

Wichita Area Technical College

Notes to Financial Statements

June 30, 2016 and 2015

Note 6: Long-term Debt

The following is a summary of long-term debt as of June 30, 2016 and 2015:

	2016				
	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Capitalized lease obligations (A)	\$ 141,310	\$ 141,310	\$ (145,000)	\$ 141,310	\$ 141,310
	2015				
	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Notes payable (B)	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
Capitalized lease obligations (A)	-	191,980	(60,670)	141,310	141,310
Total long-term debt	\$ 500,000	\$ 191,980	\$ (60,670)	\$ 141,310	\$ 141,310

- (A) The College entered into a lease-purchase agreement with an aviation maintenance LLC on July 1, 2014, with a purchase price of \$141,310. The agreement has an effective interest rate of 5.747% and is due annually.
- (B) The College entered into an agreement with Cowley Cowley Group, a community college, on January 16, 2008, that transferred certain assets to the College. In return, the College gave Cowley Cowley Group assets along with Cowley's interest in its FAA license for the Aviation Tech Center and the rights to the aircraft. The College also gave Cowley Cowley Group a promissory note in the amount of \$5,000,000 and payments due in installments over the next three years. During the year ended June 30, 2010, the debt was extended to June 30, 2015. This debt was paid during 2015.

Future principal and interest payments are as follows:

Year Ending June 30,	Total to be Paid		
	Principal	Interest	Total
2017	\$ 50,670	\$ 17,002	\$ 67,672
2018	50,670	1,827	52,497
	<u>\$ 101,340</u>	<u>\$ 18,829</u>	<u>\$ 120,169</u>