9. Long-Term Debt and Subscription IT Liabilities

A summary of long-term debt at June 30, 2023 and 2022 follows:

	2023	Restated 2022
2010 Series A Revenue Certificates payable in varying semi-annual amounts ranging from $1,167,125 to $1,213,925. Interest rates on coupons are 5.75% payable semiannually on April 20 and October 20.	$ -	$ 23,584,368
2022 Series Revenue Certificates payable in varying annual amounts ranging from $1,030,000 to $2,534,000. Interest rates on coupons are 3.43% payable semiannually on April 1st and October 1st.	28,755,000	-
Financed equipment, with interest rates ranging from 1.85% - 5.44% and monthly and quarterly payments ranging from $714 to $33,938.	965,590	1,298,266
Subscription IT liabilities, with interest rates of 3.43% and monthly, quarterly, and yearly payments ranging from $270 to $176,186.	11,338,413	1,761,755
Cerner Implementation, with interest rate of 0.00% and quarterly payments of $54,620.	1,468,503	1,686,983
	42,527,506	28,331,372
Less current maturities of long-term debt	3,169,022	1,875,725
Long-term debt	$ 39,358,484	$ 26,455,647

Continued

9. Long-Term Debt and Subscription IT Liabilities, Continued

A schedule of changes in the Authority's long-term debt follows:

	Restated 2022 Balance	Additions	Reductions	2023 Balance	Amounts Due Within One Year
Direct Borrowings:					
Notes Payable	$ 1,686,983	$ -	$ 218,480	$ 1,468,503	$ 218,480
Financed Equipment	1,298,266	-	332,676	965,590	363,242
Subscription IT liabilities	1,761,755	10,259,465	682,807	11,338,413	953,300
Revenue Bonds:					
2022 Certificate	-	29,785,000	1,030,000	28,755,000	1,634,000
Mortgage	23,584,368	-	23,584,368	-	-
Total long-term debt	$ 28,331,372	$ 40,044,465	$ 25,848,331	$ 42,527,506	$ 3,169,022

	Restated 2021 Balance	Additions	Reductions	Restated 2022 Balance	Amounts Due Within One Year
Direct Borrowings:					
Notes Payable	$ 1,962,317	$ 469,446	$ 744,780	$ 1,686,983	$ 218,480
Financed Equipment	199,584	1,420,696	322,014	1,298,266	379,681
Subscription IT liabilities	1,627,552	415,100	280,897	1,761,755	273,992
Revenue Bonds:					
Mortgage	24,527,008	-	942,640	23,584,368	1,003,572
Total long-term debt	$ 28,316,461	$ 2,305,242	$ 2,290,331	$ 28,331,372	$ 1,875,725

In December 2010, the Authority issued Federally Taxable Recovery Zone Economic Development Bonds (Direct Pay) in the form of 2010 Series A Bonds for $28,640,000 and 2010 Series B bonds for $2,300,000. In connection with this bond issue, the Federal Housing Administration (FHA) issued a commitment dated December 6, 2010, which was assigned to the FHA approved lender Berkadia Commercial Mortgage LLC (Berkadia) for a mortgage in the amount of $30,940,000. The proceeds from the bond issue were used to acquire Government National Mortgage Association (GNMA) Securities from Berkadia which are securitizations of the mortgage loan to the Authority. In addition, the Authority is required to deposit certain amounts with the trustee for interest payments. During the construction period, the Authority requested monies from Berkadia in the form of draws. As each draw was funded by Berkadia, the draws were securitized as GNMA securities and sold to the bond trustee. In

9. Long-Term Debt and Subscription IT Liabilities, Continued

2013, the construction project was completed and the Series A and B bonds have been fully secured by GNMA securities, which are held in trust. The Berkadia mortgage is collateralized by the assets and revenues derived from the assets of the Authority.

The Bonds are special limited obligations of the Authority and are secured by the revenues and income derived from the trust estate, which consists of the proceeds of the bond issue, the deposits held by the trustee and the GNMA securities. The Authority does not have access to the trust accounts. In July 2022, the 2010 bonds were refinanced with the issuance of the Refunding and Improvement Revenue Anticipation Certificate, Series 2022. As a result of the early redemption, the Authority decreased its total debt service payments by approximately $4,114,000 which results in an economic savings (the difference between the present value of the debt service payments on the old and new debt) of approximately $3,100,000 which is 13% of the principal amount refunded.

In July 2022, the Authority issued the Refunding and Improvement Revenue Anticipation Certificate, Series 2022 (2022 Certificate) in the amount of $29,785,000 with an interest rate of 3.43% and a maturity date of April 1, 2037. Interest payments are paid semi-annually while principal payments are paid annually. In addition to paying off the 2010 Series bonds, the proceeds from the Series 2022 were used to pay off the line-of-credit of approximately $3,500,000 and fund new projects in the amount of $1,770,000.

The mortgage established a debt service reserve fund. The deposits related to this account are included in the assets held by trustee under indenture in the balance sheets. The mortgage also requires the Authority to meet certain measures of financial and operational performance as long as the mortgage is outstanding. The Authority was in compliance with these requirements at the time of the refunding.

The 2022 Certificate has certain reporting requirements. The Authority is in compliance with these requirements.

On March 31, 2021, the Authority received a 2nd draw with loan proceeds in the amount of $410,550 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1 percent, with a deferral of payments for the first ten months after the covered period. The Authority believes it has used the proceeds for purposes consistent with the PPP. The

Continued

9. Long-Term Debt and Subscription IT Liabilities, Continued

Authority will recognize any forgiveness of the loan at the time the Authority is legally released from the debt. During 2022, the Authority received full forgiveness approval from Small Business Administration (SBA). The gain on forgiveness is reported as nonoperating revenues in the statements of revenues, expenses and changes in net position.

In 2022 and 2021, the Authority entered into finance agreements with interest rates ranging from 1.85% to 5.44% with monthly and quarterly payments ranging from $714 to $33,938. The financed equipment is collateralized by the equipment.

In March 2020, the Authority entered into a Cerner implementation agreement for an electronic health record system with a 0.00% interest rate with quarterly payments of $54,620. The note payable is collateralized by the equipment.

In 2023 and 2022, the Authority entered into Subscription-Based Information Technology Arrangements for various software licenses and remote hosting arrangements – Imputed interest of 3.43% secured by subscription assets. The use of certain IT solutions over an annual encounter amount are subject to additional fees that will be expensed in the period incurred.

Scheduled principal and interest repayments on long-term debt are as follows:

	Revenue Bonds		Finance Equipment and Direct Borrowings	
Year Ending June 30:	Principal	Interest	Principal	Interest
2024	$ 1,634,000	$ 986,297	$ 581,722	$ 39,541
2025	1,691,000	930,250	541,642	21,573
2026	1,748,000	872,249	437,131	8,271
2027	1,808,000	812,293	279,015	971
2028	1,870,000	750,278	218,480	-
2029-2033	10,361,000	2,743,862	376,103	-
2034-2038	9,643,000	840,830	-	-
Total	$ 28,755,000	$ 7,936,059	$ 2,434,093	$ 70,356

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