

Note 7 - Long-term Obligations

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

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	\$ 4,250,000	\$ -	\$ (175,000)	\$ 4,075,000	\$ 175,000
2017 Community College Improvement Bonds	9,740,000	-	(520,000)	9,220,000	565,000
2019 Community College Improvement Bonds	5,205,000	-	(215,000)	4,990,000	215,000
Total bonds payable	19,195,000	-	(910,000)	18,285,000	955,000
Unamortized Bond Premium	814,532	-	(48,736)	765,796	48,736
Subscription Liabilities	821,351	1,868,656	(508,280)	2,181,727	562,370
Total long-term obligations	<u>\$ 20,830,883</u>	<u>\$ 1,868,656</u>	<u>\$ (1,467,016)</u>	<u>\$ 21,232,523</u>	<u>\$ 1,566,106</u>

Long-term obligation activity during the year ended June 30, 2023 was as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	\$ 4,400,000	\$ -	\$ (150,000)	\$ 4,250,000	\$ 175,000
2017 Community College Improvement Bonds	10,265,000	-	(525,000)	9,740,000	520,000
2019 Community College Improvement Bonds	5,400,000	-	(195,000)	5,205,000	215,000
Total bonds payable	20,065,000	-	(870,000)	19,195,000	910,000
Unamortized Bond Premium	863,269	-	(48,737)	814,532	48,736
Subscription Liabilities	-	1,245,819	(424,468)	821,351	479,056
Total long-term obligations	<u>\$ 20,928,269</u>	<u>\$ 1,245,819</u>	<u>\$ (1,343,205)</u>	<u>\$ 20,830,883</u>	<u>\$ 1,437,792</u>

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

Community College Improvement Bonds, 2014 - The College issued \$5,000,000 of 3.00 to 3.75 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$100,000 to \$375,000 beginning 2018 through 2039. Proceeds from this issuance were used for the purpose of paying a portion of the cost of renovating and re-equipping two existing college classroom buildings.

Community College Improvement Bonds, 2017 - The College issued \$12,250,000 of 2.00 to 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$490,000 to \$780,000 beginning 2019 through 2039. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2008 Community College Improvement Bonds. The bonds were sold at a premium of \$130,018. The bond refunding resulted in a capitalized loss on defeasance of \$603,240. The capital loss is being amortized and recognized at \$27,214 for the years ended June 30, 2024 and 2023, respectively. The refunding resulted in a total reduction of future debt service of \$1,990,561, with a net present value reduction of \$1,412,805.

Note 7 - Long-term Obligations (Continued)

Community College Improvement Bonds, 2019 - The College issued \$5,885,000 of 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$95,000 to \$435,000 beginning 2020 through 2040. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds. The bonds were sold at a premium of \$886,000. The bond refunding resulted in a capitalized loss on defeasance of \$260,911. The capital loss is being amortized and recognized at \$12,624 for the years ended June 30, 2024 and 2023, respectively. The refunding resulted in a total reduction of future debt service of \$1,441,701, with a net present value reduction of \$1,176,747.

Subscription Liabilities – The College has recognized a subscription liability for the right to use vendors’ information technology software through various long-term contracts. The liability is measured at an initial amount based on the present value of payments expected to be made during the subscription period.

Total principal and interest maturities on the debt obligations and subscription liabilities as of June 30, 2024 are as follows:

Years Ending June 30	Debt Obligations			Subscription Liabilities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 955,000	\$ 679,000	\$ 1,634,000	\$ 562,370	\$ 79,800	\$ 642,170
2026	1,000,000	642,550	1,642,550	423,195	64,580	487,775
2027	990,000	604,550	1,594,550	374,854	46,586	421,440
2028	1,035,000	565,950	1,600,950	407,251	30,994	438,245
2029	1,100,000	531,175	1,631,175	414,057	15,628	429,685
2030-2034	5,780,000	2,062,281	7,842,281	-	-	-
2035-2039	6,990,000	916,144	7,906,144	-	-	-
2040	435,000	17,400	452,400	-	-	-
Total	<u>\$ 18,285,000</u>	<u>\$ 6,019,050</u>	<u>\$ 24,304,050</u>	<u>\$ 2,181,727</u>	<u>\$ 237,588</u>	<u>\$ 2,419,315</u>

For the years ended June 30, 2024 and 2023, interest expense was \$698,977 and \$732,502, respectively.

Note 8 - Retirement Plans

Defined Benefit Plan

Plan Description - The College participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. Certain College employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement Services (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.