Note 8 - Long-term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$16,530,000	$ -	$1,760,000	$14,770,000	$1,770,000
Series bonds, 2019 series	4,605,000	-	700,000	3,905,000	730,000
Other Long-term Liabilities					
Unamortized bond premium	511,948	-	91,692	420,256	91,692
Accrued employee leave	4,785,395	2,638,467	2,099,539	5,324,323	2,129,729
Michigan job training grants	205,659	55,476	50,000	211,135	-
Total	$26,638,002	$ 2,693,943	$4,701,231	$24,630,714	$4,721,421

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$18,285,000	$ -	$1,755,000	$16,530,000	$1,760,000
Series bonds, 2019 series	5,285,000	-	680,000	4,605,000	700,000
Series bonds, 2012 series	205,000	-	205,000	-	-
Other Long-term Liabilities					
Unamortized bond premium	603,823	-	91,875	511,948	91,692
Accrued employee leave	4,650,161	2,824,032	2,688,798	4,785,395	1,915,000
Michigan job training grants	125,659	130,000	50,000	205,659	-
Total	$29,154,643	$ 2,954,032	$5,470,673	$26,638,002	$4,466,692

Series Bonds, 2020 Refunding - The College issued $18,285,000 in general obligation bonds (2020 Series Bonds) with an average interest rate of 1.44 percent. The 2020 Series Bonds were issued to refund $16,810,000 outstanding of 2012 Series Facilities Bonds with an average interest rate of 3.39 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2012 Series Facilities Bonds. As a result, the 2012 Series Facilities Bonds are considered to be defeased, $16,810,000 in liability for the bonds was removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The defeased bonds were fully called in 2022. The principal and interest on the 2020 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from .61 percent to 1.90 percent and have remaining annual maturities ranging from $1,760,000 to $1,940,000. The bonds mature in 2032.

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2019 Refunding - The College issued $7,080,000 in general obligation bonds (2019 Series Bonds) with an average interest rate of 2.57 percent. The 2019 Series Bonds were issued to refund $7,850,000 outstanding of 2009 Series Bonds with an average interest rate of 3.88 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2009 Series Bonds. As a result, the 2009 Series Bonds are considered to be defeased, $7,850,000 in liability for the bonds was removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2009 Series Bonds was $3,905,000 at June 30, 2024. The principal and interest on the 2019 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 5.99 percent to 6.50 percent and have remaining annual maturities ranging from $750,000 to $900,000. The bonds mature in 2029.

Total principal and interest maturities on the bonds payable as of June 30, 2024 are as follows:

Years Ending June 30	Debt Obligations Principal	Interest	Total
2025	$ 2,500,000	$ 405,672	$ 2,905,672
2026	2,535,000	355,401	2,890,401
2027	2,585,000	298,712	2,883,712
2028	2,635,000	238,143	2,873,143
2029-2032	8,420,000	384,145	8,804,145
Total	$ 18,675,000	$ 1,682,073	$ 20,357,073

Cash Paid for Interest - Cash paid for interest was approximately $451,000 and $484,000 for the years ended June 30, 2024 and 2023, respectively.

Michigan Job Training Grants - During 2010, the College became involved in the Michigan New Jobs Training Program. The Michigan New Jobs Training Program was created by State of Michigan Public Acts 359 and 360 of 2008 and provides the ability for community college districts to enter into agreements with employers to (1) provide education and training to workers in order to create new jobs and (2) to establish a funding mechanism to pay for the education and training. In connection with this program, the College has entered into agreements with various local employers for the purpose of establishing projects to educate and train certain persons employed in new jobs. The local employers prepay training costs to the College and the College subsequently issues noninterest-bearing revenue bonds payable to the employers equal to the prepayments. The employer remits state income tax withholdings for these new employees directly to the College. The College then remits these withholdings back to the employer on a quarterly basis to reimburse the company for the costs of training, thus reducing bonds payable. As of June 30, 2024 and 2023, the College has outstanding bonds payable to various employers of $211,135 and $205,658, respectively. The bonds mature at various dates through 2030.

Note 8 - Long-term Obligations (Continued)

Accrued Employee Leave - The College provides termination benefits upon departure from the College resulting from unused sick time and years of service and defined by each respective labor contract and administrative policy under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions are used to determine probability of reaching the criteria required for eligibility. Included in the current portion of the accrual is earned but not used vacation and amounts to be provided to employees that will be retiring in the upcoming fiscal year.

Note 9 - Defined Contribution (Optional) Retirement Plan

The College has established an Optional Retirement Plan (ORP) in addition to the Michigan Public School Employees' Retirement System (MPSERS) plan as required by state law. Eligible employees may elect to participate in the MPSERS plan or join the ORP. Eligible employees are defined as full-time faculty and professional staff. Participants are immediately vested in the ORP, which requires an employer and employee contribution of 12.00 percent and 3.00 percent, respectively. In general, a participant may request payment of benefits at any time after total disability, termination of employment, or age 65 unless deferred until age 70½. College contributions to the ORP were approximately $1,849,000 and $1,574,000 for the years ended June 30, 2024 and 2023, respectively.

Note 10 - Michigan Public School Employees' Retirement System

Plan Description - The College participates in the Michigan Public School Employees' Retirement System (MPSERS 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.

Benefits Provided - Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment healthcare plan.