Note 7 - Long-term Obligations

Long-term obligation activity during the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Serial bonds, 2013 series	$ -	$ 4,830,000	$ -	$ 4,830,000	$ 575,000
Serial bonds, 2012 series (Facilities)	-	26,645,000	905,000	25,740,000	905,000
Serial bonds, 2012 series	4,365,000	-	-	4,365,000	430,000
Serial bonds, 2009 series	11,025,000	-	325,000	10,700,000	350,000
Serial bonds, 2008 series	13,115,000	-	1,305,000	11,810,000	1,305,000
Serial bonds, 2006 series	10,635,000	-	1,560,000	9,075,000	1,655,000
Serial bonds, 2003 series	5,795,000	-	5,795,000	-	-
Leases Payable -					
Capital leases	659,841	179,741	253,811	585,771	266,739
Other Long-term Liabilities					
Unamortized bond premium	-	2,201,036	-	2,201,036	-
Accrued employee leave	3,378,632	776,294	-	4,154,926	2,004,981
Michigan job training grants	1,663,203	1,122,525	1,778,443	1,007,285	-
Total	$ 50,636,676	$ 35,754,596	$ 11,922,254	$ 74,469,018	$ 7,491,720

Note 7 - Long-term Obligations (Continued)

Long-term obligation activity during the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Serial bonds, 2012 series	$ -	$ 4,365,000	$ -	$ 4,365,000	$ -
Serial bonds, 2009 series	11,350,000	-	325,000	11,025,000	325,000
Serial bonds, 2008 series	14,420,000	-	1,305,000	13,115,000	1,305,000
Serial bonds, 2006 series	12,125,000	-	1,490,000	10,635,000	1,560,000
Serial bonds, 2003 series	10,990,000	-	5,195,000	5,795,000	880,000
Leases Payable -					
Capital leases	771,260	129,030	240,449	659,841	229,029
Other Long-term Liabilities					
Accrued employee leave	3,245,865	2,026,509	1,893,742	3,378,632	1,971,202
Michigan job training grants	1,229,744	1,599,416	1,165,957	1,663,203	-
Total	$ 54,131,869	$ 8,119,955	$ 11,615,148	$ 50,636,676	$ 6,270,231

Series Bonds, 2013 - The College issued $4,830,000 in general obligation bonds (2013 Series Bonds) with an average interest rate of 2.16 percent. The 2013 Series Bonds were issued to refund $4,915,000 outstanding of 2003 Series Bonds with an average interest rate of 5.27 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 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the balance sheet. The advance refunding resulted in the recognition of an accounting gain of approximately $124,000 during 2013, and future debt service payments are reduced by the net present value of approximately $866,000. Defeased debt that remains on the 2003 Series Bonds was $4,915,000 at June 30, 2013. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 0.4 percent to 3 percent and have remaining annual maturities ranging from $365,000 to $580,000.

Series Bonds, 2012 - The College issued $26,645,000 in general obligation limited tax bonds (2012 Series Bonds) with an average interest rate of 3.39 percent. The funds will be used for renovating, refurnishing, and re-equipping existing College facilities, acquiring and installing enhanced technology and technology infrastructure, and purchasing or expanding building and other facilities. The principal and interest on the 2012 Series Bonds are paid from a facilities maintenance fee assessed to students based on contact hour enrolled. The bonds bear interest at rates from 3 percent to 5 percent and have remaining annual maturities ranging from $905,000 to $1,910,000.

Note 7 - Long-term Obligations (Continued)

Series Bonds, 2012 Refunding - The College issued $4,365,000 in general obligation bonds (2012 Series Bonds) with an average interest rate of 3.79 percent. The 2012 Series Bonds were issued to refund $4,400,000 of the $10,195,000 outstanding of 2003 Series Bonds with an average interest rate of 4.81 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 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be partially defeased, and $4,400,000 in liability for the bonds has been removed from the balance sheet. Defeased debt that remains on the 2003 Series Bonds was $4,915,000 at June 30, 2013. The principal and interest on the 2012 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 3.75 percent to 5.25 percent and have remaining annual maturities ranging from $245,000 to $880,000.

Series Bonds, 2009 - The College issued $12,000,000 in general obligation limited tax bonds (2009 Series Bonds) with an average interest rate of 3.9 percent. Of the 2009 Series Bonds, $9,500,000 was used to purchase various building and properties and the remainder was used for various renovations to this newly acquired property. The principal and interest on the 2009 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 2.6 percent to 6.5 percent and have remaining annual maturities ranging from $325,000 to $900,000.

Series Bonds, 2008 - The College issued $18,225,000 in general obligation bonds (2008 Series Bonds) with an average interest rate of 5.0 percent. The 2008 Series Bonds were issued to refund outstanding 1998 Series Bonds with an average interest rate of 4.81 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 1998 Series Bonds. As a result, the 1998 Series Bonds are considered to be defeased, the liability for the bonds has been removed from the balance sheet, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The advance refunding resulted in the recognition of an accounting gain of approximately $252,000 during 2008, and future debt service payments are reduced by the net present value of approximately $1,099,693. Defeased debt that remains on the 1998 Series Bonds was $12,300,000 at June 30, 2013. The principal and interest on the 2008 Series Bonds are paid primarily from property tax levies. The bonds bear an interest rate of 5.0 percent and have remaining annual maturities ranging from $1,305,000 to $1,315,000.

Note 7 - Long-term Obligations (Continued)

Series Bonds, 2006 - The College issued $16,515,000 in general obligation bonds (2006 Series Bonds) with an average interest rate of 4.45 percent. The 2006 Series Bonds were issued to advance refund outstanding 1996 Series Bonds with an average interest rate of 5.35 percent and $2,455,000 was issued to advance refund a portion of the outstanding 1999 Series Bonds with an average interest rate of 5.0 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 1996 and 1999 Series Bonds. As a result, the 1996 and a portion of the 1999 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the balance sheet. Defeased debt that remains on the 1996 and 1999 Series Bonds was $8,890,000 at June 30, 2013. The principal and interest on the 2006 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 4.0 percent to 5.0 percent and have remaining annual maturities ranging from $1,210,000 to $1,765,000.

Capital Leases - During 2013, 2012, 2011, and 2009, the College acquired copier and printer systems under various capital lease agreements. Payments of $294,693 are due annually. The systems are included in capital assets at a cost of $1,458,807 and have recorded accumulated depreciation of $561,150 as of June 30, 2013.

Total principal and interest maturities on the bonds payable as of June 30, 2013 are as follows:

Years Ending	Debt Obligations			Lease Obligations		
June 30	Principal	Interest	Total	Principal	Interest	Total
2014	$ 5,220,000	$ 3,200,642	$ 8,420,642	$ 266,739	$ 27,954	$ 294,693
2015	5,465,000	3,043,418	8,508,418	238,669	10,995	249,664
2016	5,025,000	2,849,238	7,874,238	60,533	822	61,355
2017	5,220,000	2,646,728	7,866,728	19,830	151	19,981
2018	5,460,000	2,433,884	7,893,884	-	-	-
2019-2023	20,285,000	8,261,785	28,546,785	-	-	-
2024 and thereafter	19,845,000	3,786,882	23,631,882	-	-	-
Total	$ 66,520,000	$ 26,222,577	$ 92,742,577	$ 585,771	$ 39,922	$ 625,693

Cash Paid for Interest - Cash paid for interest was approximately $3,041,000 and $2,191,300 for the years ended June 30, 2013 and 2012, respectively.

Note 7 - Long-term Obligations (Continued)

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, 2013, the College has outstanding bonds payable of $1,007,285.

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.

Grand Rapids Community College

Schedule of Bonded Debt
Year Ended June 30, 2013

	Series 2006		Series 2008		Series 2009		Series 2012		Series 2012 (Facilities)		Series 2013		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 1,655,000	$ 441,450	$ 1,305,000	$ 590,500	$ 350,000	$ 402,240	$ 430,000	$ 595,956	$ 905,000	$ 1,081,868	$ 575,000	$ 88,628	$ 5,220,000	$ 3,200,642
2015	1,765,000	358,700	1,305,000	525,250	400,000	393,528	485,000	633,756	930,000	1,054,718	580,000	77,466	5,465,000	3,043,418
2016	1,210,000	270,450	1,310,000	460,000	450,000	382,790	510,000	644,206	965,000	1,017,518	580,000	74,274	5,025,000	2,849,238
2017	1,315,000	209,950	1,315,000	394,500	500,000	369,628	510,000	623,806	1,005,000	978,918	575,000	69,926	5,220,000	2,646,728
2018	1,490,000	144,200	1,315,000	328,750	550,000	354,060	510,000	603,406	1,045,000	938,718	550,000	64,750	5,460,000	2,433,884
2019	1,640,000	69,700	1,315,000	263,000	600,000	336,220	505,000	578,006	1,100,000	886,468	535,000	53,750	5,695,000	2,187,144
2020	-	-	1,315,000	197,250	650,000	315,980	505,000	557,806	1,155,000	831,468	535,000	43,050	4,160,000	1,945,554
2021	-	-	1,315,000	131,500	700,000	291,940	505,000	537,606	1,210,000	773,718	535,000	27,000	4,265,000	1,761,764
2022	-	-	1,315,000	65,750	725,000	266,050	200,000	212,406	1,270,000	713,218	365,000	10,950	3,875,000	1,268,374
2023	-	-	-	-	750,000	237,822	205,000	211,409	1,335,000	649,718	-	-	2,290,000	1,098,949
2024	-	-	-	-	5,025,000	755,999	-	-	14,820,000	3,030,883	-	-	19,845,000	3,786,882
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 9,075,000	$ 1,494,450	$ 11,810,000	$ 2,956,500	$ 10,700,000	$ 4,106,257	$ 4,365,000	$ 5,198,363	$ 25,740,000	$ 11,957,213	$ 4,830,000	$ 509,794	$ 66,520,000	$ 26,222,577