Note 7 - Long-term Obligations

Long-term obligation activity during the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2013 series	$ 4,255,000	$ -	$ 580,000	$ 3,675,000	$ 580,000
Series bonds, 2012 series (facilities)	24,835,000	-	930,000	23,905,000	965,000
Series bonds, 2012 series	3,935,000	-	485,000	3,450,000	510,000
Series bonds, 2009 series	10,350,000	-	400,000	9,950,000	450,000
Series bonds, 2008 series	10,505,000	-	1,305,000	9,200,000	1,310,000
Series bonds, 2006 series	7,420,000	-	1,765,000	5,655,000	1,210,000
Leases Payable -					
Capital leases	337,627	-	253,224	84,403	84,403
Other Long-term Liabilities					
Unamortized bond premium	2,077,779	-	123,258	1,954,521	123,258
Accrued employee leave	4,273,083	2,279,258	2,470,150	4,082,191	2,359,800
Michigan job training grants	800,062	1,080,800	1,056,593	824,269	-
Total	$ 68,788,551	$ 3,360,058	$ 9,368,225	$ 62,780,384	$ 7,592,461

Long-term obligation activity during the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2013 series	$ 4,830,000	$ -	$ 575,000	$ 4,255,000	$ 580,000
Series bonds, 2012 series (facilities)	25,740,000	-	905,000	24,835,000	930,000
Series bonds, 2012 series	4,365,000	-	430,000	3,935,000	485,000
Series bonds, 2009 series	10,700,000	-	350,000	10,350,000	400,000
Series bonds, 2008 series	11,810,000	-	1,305,000	10,505,000	1,305,000
Series bonds, 2006 series	9,075,000	-	1,655,000	7,420,000	1,765,000
Series bonds, 2003 series					
Leases Payable -					
Capital leases	585,771	28,299	276,443	337,627	238,669
Other Long-term Liabilities					
Unamortized bond premium	2,201,036	-	123,257	2,077,779	-
Accrued employee leave	4,154,926	2,274,446	2,156,289	4,273,083	2,217,609
Michigan job training grants	1,007,285	1,155,000	1,362,223	800,062	-
Total	$ 74,469,018	$ 3,457,745	$ 9,138,212	$ 68,788,551	$ 7,921,278

Note 7 - Long-term Obligations (Continued)

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 statement of net position. 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 $3,880,000 at June 30, 2015. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 0.8 percent to 3 percent and have remaining annual maturities ranging from $365,000 to $580,000. The bonds mature in 2022.

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 are being 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 3.4 percent to 5.0 percent and have remaining annual maturities ranging from $965,000 to $1,910,000. The bonds mature in 2032.

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 statement of net position. Defeased debt that remains on the 2003 Series Bonds was $3,470,000 at June 30, 2015. The principal and interest on the 2012 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 3.8 percent to 5.3 percent and have remaining annual maturities ranging from $200,000 to $510,000. The bonds mature in 2023.

Note 7 - Long-term Obligations (Continued)

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 4.1 percent to 6.5 percent and have remaining annual maturities ranging from $450,000 to $900,000. The bonds mature in 2029.

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 statement of net position, 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 $9,600,000 at June 30, 2015. 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 $1,310,000 to $1,315,000. The bonds mature in 2022.

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 statement of net position. Defeased debt that remains on the 1996 and 1999 Series Bonds was $6,665,000 at June 30, 2015. The principal and interest on the 2006 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 4.3 percent to 5.0 percent and have remaining annual maturities ranging from $1,210,000 to $1,640,000. The bonds mature in 2019.

Note 7 - Long-term Obligations (Continued)

Capital Leases - During 2011 through 2014, the College acquired copier and printer systems under various capital lease agreements. Payments of $64,571 are due annually. The systems are included in capital assets at a cost of $337,068 and have recorded accumulated depreciation of $200,870 as of June 30, 2015.

Total principal and interest maturities on the bonds payable as of June 30, 2015 are as follows:

Years Ending	Debt Obligations			Lease Obligations		
June 30	Principal	Interest	Total	Principal	Interest	Total
2016	$ 5,025,000	$ 2,339,238	$ 7,364,238	$ 50,015	$ 862	$ 50,877
2017	5,220,000	2,136,728	7,356,728	34,388	143	34,531
2018	5,460,000	1,923,884	7,383,884	-	-	-
2019	5,695,000	1,682,144	7,377,144	-	-	-
2020	4,160,000	1,440,554	5,600,554	-	-	-
2021-2025	14,875,000	4,701,333	19,576,333	-	-	-
2026-2030	11,645,000	2,092,188	13,737,188	-	-	-
2031-2032	3,755,000	212,438	3,967,438	-	-	-
Total	$ 55,835,000	$ 16,528,507	$ 72,363,507	$ 84,403	$ 1,005	$ 85,408

Cash Paid for Interest - Cash paid for interest was approximately $1,436,000 and $1,750,000 for the years ended June 30, 2015 and 2014, 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, 2015, the College has outstanding bonds payable to various employers of $824,269. The bonds mature at various dates through 2030.

Note 7 - 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 8 - 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 $1,231,000 and $1,193,000 for the years ended June 30, 2015 and 2014, respectively.

Note 9 - 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. 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 System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Schedule of Bonded Debt
Year Ended June 30, 2015

	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
2016	$1,210,000	$270,450	$1,310,000	$460,000	$450,000	$382,790	$510,000	$134,206	$965,000	$1,017,518	$580,000	$74,274	$5,025,000	$2,339,238
2017	1,315,000	209,950	1,315,000	394,500	500,000	369,628	510,000	113,806	1,005,000	978,918	575,000	69,926	5,220,000	2,136,728
2018	1,490,000	144,200	1,315,000	328,750	550,000	354,060	510,000	93,406	1,045,000	938,718	550,000	64,750	5,460,000	1,923,884
2019	1,640,000	69,700	1,315,000	263,000	600,000	336,220	505,000	73,006	1,100,000	886,468	535,000	53,750	5,695,000	1,682,144
2020	-	-	1,315,000	197,250	650,000	315,980	505,000	52,806	1,155,000	831,468	535,000	43,050	4,160,000	1,440,554
2021	-	-	1,315,000	131,500	700,000	291,940	505,000	32,606	1,210,000	773,718	535,000	27,000	4,265,000	1,256,764
2022	-	-	1,315,000	65,750	725,000	266,050	200,000	12,406	1,270,000	713,218	365,000	10,950	3,875,000	1,068,374
2023	-	-	-	-	750,000	237,822	205,000	6,406	1,335,000	649,718	-	-	2,290,000	893,946
2024	-	-	-	-	775,000	208,622	-	-	1,400,000	582,968	-	-	2,175,000	791,590
2025	-	-	-	-	800,000	177,691	-	-	1,470,000	512,968	-	-	2,270,000	690,659
2026	-	-	-	-	825,000	145,763	-	-	1,530,000	454,168	-	-	2,355,000	599,931
2027	-	-	-	-	850,000	110,906	-	-	1,580,000	402,532	-	-	2,430,000	513,438
2028	-	-	-	-	875,000	74,985	-	-	1,635,000	347,232	-	-	2,510,000	422,217
2029	-	-	-	-	900,000	38,034	-	-	1,695,000	290,006	-	-	2,595,000	328,040
2030	-	-	-	-	-	-	-	-	1,755,000	228,562	-	-	1,755,000	228,562
2031	-	-	-	-	-	-	-	-	1,845,000	140,812	-	-	1,845,000	140,812
2032	-	-	-	-	-	-	-	-	1,910,000	71,626	-	-	1,910,000	71,626
Total	$ 5,655,000	$ 694,300	$ 9,200,000	$ 1,840,750	$ 9,950,000	$ 3,310,491	$ 3,450,000	$ 518,648	$ 23,905,000	$ 9,820,618	$ 3,675,000	$ 343,700	$ 55,835,000	$ 16,528,507