Note 7 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Depreciable assets:				
Building and building improvements	$ 282,507,521	$ 1,476,141	$ -	$ 283,983,662
Furniture, fixtures, and equipment	48,844,633	3,178,760	(735,335)	51,288,058
Total depreciable assets	331,352,154	4,654,901	(735,335)	335,271,720
Nondepreciable assets:				
Land and improvements	7,043,534	-	-	7,043,534
Construction in progress	1,791,298	16,070,190	(1,791,298)	16,070,190
Total nondepreciable assets	8,834,832	16,070,190	(1,791,298)	23,113,724
Total depreciable and nondepreciable assets	340,186,986	20,725,091	(2,526,633)	358,385,444
Less accumulated depreciation:				
Building and building improvements	(117,128,101)	(6,263,334)	-	(123,391,435)
Furniture, fixtures, and equipment	(36,436,242)	(1,852,019)	727,374	(37,560,888)
Total accumulated depreciation	(153,564,343)	(8,115,353)	727,374	(160,952,322)
Capital assets - Net	$ 186,622,643			$ 197,433,122

Note 8 - Long-term Obligations

At June 30, 2026, there was approximately $8.7 million in constuction commitments outstanding in connection with ongoing capital projects.

Long-term obligation activity during the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$ 13,000,000	$ -	$ 1,785,000	$ 11,215,000	$ 1,805,000
Series bonds, 2019 series	3,175,000	-	750,000	2,425,000	780,000
Other Long-term Liabilities					
Unamortized bond premium	328,564	-	91,692	236,872	91,692
Accrued employee leave	6,110,291	3,357,520	2,810,926	6,656,885	2,782,817
Michigan job training grants	120,658	30,000	45,658	105,000	-
Total	$ 22,734,513	$ 3,387,520	$ 5,483,276	$ 20,638,757	$ 5,459,509

Long-term obligation activity during the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$ 14,770,000	$ -	$ 1,770,000	$ 13,000,000	$ 1,785,000
Series bonds, 2019 series	3,905,000	-	730,000	3,175,000	750,000
Other Long-term Liabilities					
Unamortized bond premium	420,256	-	91,692	328,564	91,692
Accrued employee leave	5,324,323	3,246,995	2,461,027	6,110,291	2,444,116
Michigan job training grants	211,135	10,000	100,477	120,658	-
Total	$ 24,630,714	$ 3,256,995	$ 5,153,196	$ 22,734,513	$ 5,070,808

Note 8 - Long-term Obligations (Continued)

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 $1,785,000 to $1,940,000. The bonds mature in 2032.

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 $3,450,000 at June 30, 2025. 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 $835,000. The bonds mature in 2029.

Total principal and interest maturities on the bonds payable as of June 30, 2026 are as follows:

Years Ending June 30	Debt Obligations Principal	Interest	Total
2027	$ 2,585,000	$ 298,712	$ 2,883,712
2028	2,635,000	238,143	2,873,143
2029	2,690,000	171,636	2,861,636
2030	1,880,000	101,598	1,981,598
2031	1,910,000	74,148	1,984,148
2032	1,940,000	36,763	1,976,763
Total	$ 13,640,000	$ 921,000	$ 14,561,000

Cash Paid for Interest - Cash paid for interest was approximately $346,000 and $397,000 for the years ended June 30, 2026 and 2025, respectively.

Note 8 - 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, 2026 and 2025, the College has outstanding bonds payable to various employers of $105,000 and $120,658, respectively. The bonds mature at various dates through 2030.

Accrued Employee Leave - The College provides termination benefits upon departure from the College resulting from unused vacation and 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 leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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 $2,271,000 and $2,001,000 for the years ended June 30, 2026 and 2025, respectively.