

Note 7 - Long-term Obligations (Continued)

Long-term Obligations - Long-term obligation activity during the year ended June 30, 2019 was as follows:

	July 1, 2018	Additions	Reductions	June 30, 2019	Current Portion
Bonds Payable					
2009 Community College Build America Bonds	\$ 6,625,000	\$ -	\$ (150,000)	\$ 6,475,000	\$ 175,000
2014 Community College Improvement Bonds	4,900,000	-	(100,000)	4,800,000	125,000
2017 Community College Improvement Bonds	12,250,000	-	(490,000)	11,760,000	485,000
Total bonds payable	23,775,000	-	(740,000)	23,035,000	785,000
Unamortized Bond Premium	122,197	-	(5,864)	116,333	5,865
Total long-term obligations	\$ 23,897,197	\$ -	\$ (745,864)	\$ 23,151,333	\$ 790,865

Long-term obligation activity during the year ended June 30, 2018 was as follows:

	July 1, 2017	Additions	Reductions	June 30, 2018	Current Portion
Bonds Payable					
2008 Community College Improvement Bonds	\$ 350,000	\$ -	\$ (350,000)	\$ -	\$ -
2009 Community College Build America Bonds	6,775,000	-	(150,000)	6,625,000	150,000
2014 Community College Improvement Bonds	5,000,000	-	(100,000)	4,900,000	100,000
2017 Community College Improvement Bonds	12,250,000	-	-	12,250,000	490,000
Total bonds payable	24,375,000	-	(600,000)	23,775,000	740,000
Unamortized Bond Premium	128,063	-	(5,866)	122,197	5,866
Capital Lease	56,073	-	(56,073)	-	-
Total long-term obligations	\$ 24,559,136	\$ -	\$ (661,939)	\$ 23,897,197	\$ 745,866

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, 2008 - The College issued \$14,220,000 of 4.125 to 5.50 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in an amount of \$350,000 in 2018. Proceeds from this issuance were used for the purpose of paying a portion of the cost of purchasing, erecting, and equipping a new student residence hall; purchasing, erecting, and equipping additions to, and renovating and re-equipping college buildings; and developing and improving sites.

In February 2017, the College issued an additional series of bonds for the purpose of advance refunding a portion of the 2008 Community College Improvement Bonds that were callable as of May 1, 2018. The refunded bonds, with an outstanding principal balance of \$11,650,000, were originally maturing from 2019 through 2039. The College used the proceeds of the new bond issue to establish an escrow fund that was used to pay the principal and interest of the 2008 Community College Improvement Bonds when the bonds were called on May 1, 2018.

Note 7 - Long-term Obligations (Continued)

Community College Build America Bonds, 2009 - The College issued \$7,500,000 of 5.25 to 7.25 percent General Obligation - Limited Tax Build America Bonds authorized by Section 1531 of the American Recovery and Revitalization Act of 2009. The College will receive payments from the federal Treasury equal to 35 percent of the total coupon interest paid by the College. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$150,000 to \$500,000 through 2040. Proceeds from this issuance were used for the purpose of paying all or a portion of the cost of purchasing, erecting, and equipping a new student residence hall and developing and improving sites.

Subsequent to year end, in September 2019, the College issued an additional series of bonds for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds that are callable as of May 1, 2020. The refunded bonds, with an outstanding principal balance of \$6,300,000, were originally maturing from 2021 through 2040. The College used the proceeds of the new bond issue to establish an escrow fund that was used to pay the principal and interest of the 2009 Community College Build America Bonds when due and at call for redemption.

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, 2019 and 2018, 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.

Capital Lease - The College entered into a five-year capital lease agreement for software commencing on September 1, 2013 in the amount of \$270,000. The lease required annual payments of \$58,314, including 4.00 percent interest. The lease was secured by the related software. Depreciation expense on property under capital lease is included in the depreciation amount disclosed in Note 6. The final payment was made on the capital lease during the year ended June 30, 2018.

Note 7 - Long-term Obligations (Continued)

Total principal and interest maturities on the debt obligations as of June 30, 2019 are as follows:

Years Ending June 30	Debt Obligations		
	Principal	Interest	Total
2020	\$ 785,000	\$ 1,050,662	\$ 1,835,662
2021	805,000	1,021,426	1,826,426
2022	880,000	985,726	1,865,726
2023	875,000	947,026	1,822,026
2024	920,000	908,526	1,828,526
2025-2029	5,145,000	3,895,413	9,040,413
2030-2034	5,910,000	2,702,639	8,612,639
2035-2039	7,215,000	1,242,208	8,457,208
2040	500,000	36,250	536,250
Total	\$ 23,035,000	\$ 12,789,876	\$ 35,824,876

For the years ended June 30, 2019 and 2018, interest charged was \$1,090,551 and \$1,183,132, respectively. In addition, there was a Build America Bonds subsidy of \$151,274 and \$153,585 received during the years ended June 30, 2019 and 2018, resulting in a net expense of \$939,277 and \$1,029,547, respectively.