

**ALPENA COMMUNITY COLLEGE**

Audited Financial Statements and  
Other Supplementary Financial Information

Year Ended June 30, 2010

**STRALEY, ILSLEY & LAMP P.C.**

# **ALPENA COMMUNITY COLLEGE**

## **COLLEGE OFFICIALS**

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Donald C. MacMaster, Dean for Workforce Development

Wendy Brooks, Dean for Learning Resource Center/Media

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Certified Public Accountants

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RETIRED  
GORDON A. NETHERCUT, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Alpena Community College  
Alpena, Michigan

We have audited the accompanying basic financial statements of Alpena Community College, Alpena, Michigan, as of June 30, 2010 and 2009 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of Alpena Community College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Alpena Community College at June 30, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2010 on our consideration of Alpena Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented on pages 3 through 10 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Alpena Community College taken as a whole. The other supplemental information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Staley, Elsie J, Lamp P.C.*

October 13, 2010

## Alpena Community College Management's Discussion and Analysis

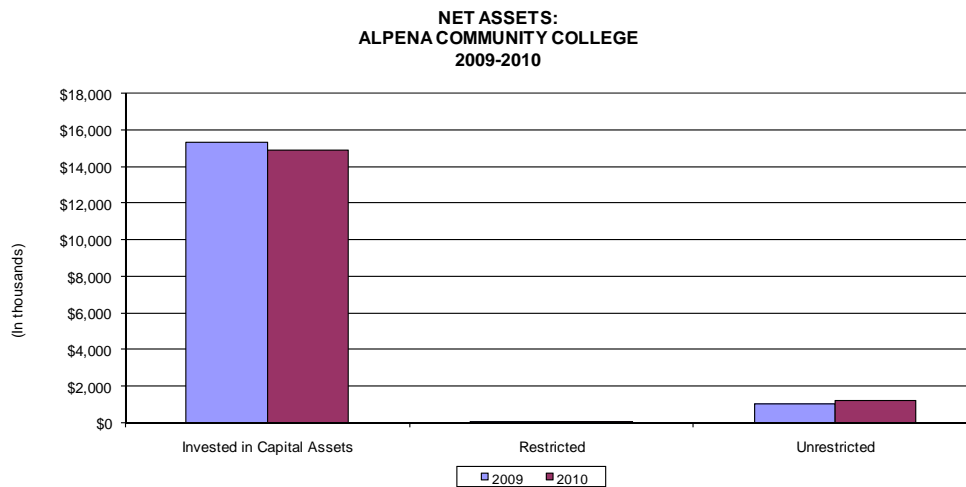
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The following is management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2010. This discussion, the financial statements and related footnotes have been prepared by and are the responsibility of management at Alpena Community College.

Understanding Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Colleges and Universities* and Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 1* is vital to comprehending Alpena Community College's financial statements. The presentation of the financial statements required by GASB Statements Nos. 34 and 35 provide a comprehensive, entity-wide perspective on the College's total assets, total liabilities, total net assets, program revenues, general revenues, total revenues, program expenses, total expenses, excesses or deficiencies, contributions, special and extraordinary items, transfers, changes in net assets, ending net assets, and cash flows. These statements replace the fund-group presentations previously required. The *State of Michigan's Manual for Uniform Financial Reporting for Michigan Public Community Colleges* requires that entities reporting under GASB No. 35 to utilize the Business-Type Activities (BTA) model. This BTA model is used because the college's functionality is more closely aligned with business than with governments. In addition, this presentation allows a better comparability between public and private colleges and universities. Finally, GASB No. 39 provides that the Alpena Community College Foundation's financials be presented with the College's financials.

### Financial Highlights

- Student credit hour enrollment for the year increased by 6% to 46,600.
- The assets of Alpena Community College exceeded its liabilities at June 30, 2010, by \$16,107,962.



Alpena Community College  
**Management's Discussion and Analysis**

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- The College's net assets decreased by \$318,353, or 1.9%, due to lower donations, state grants, and depreciation combined with no new building projects.
- Operating revenues accounted for only 58% of the total revenues of the College while non-operating revenues account for 42%.
- The College experienced an operating loss of \$8,468,879 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. Most of the operating loss was offset by State appropriations of \$5,214,091, local property tax of \$2,743,452 and other non-operating revenues of \$192,983, leaving a decrease of \$318,353. The College recorded nearly \$301,269 in gifts and endowments this year, primarily from Alpena Community College Foundation's 25<sup>th</sup> Anniversary fundraising campaign.

**Using This Annual Report**

This report consists of three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Taken together these three statements provide information on the College as a whole as well as a long-term view of the College's finances. The following activities are included in the College's basic financial Statements:

Primary institution (College) – All of the programs and services associated with a college fall into this category, including instruction, public service, and support services.

Component Unit (Alpena Community College Foundation) – GASB No. 39 requires a legally separate, tax-exempt entity be presented with a primary institution that meets the following criteria:

1. The economic resources received by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization, when the specific primary government or its component units is entitled to or has the ability to otherwise access, are significant to that primary government.

**The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets**

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets answers the question "Is ACC as a whole better off or worse off as a result of the year's activities?" When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as ACC's operating results.

## Alpena Community College Management's Discussion and Analysis

These two statements report ACC's net assets and changes in them. The difference between assets and liabilities is one way to measure the College's financial stability. A single year of data is insufficient to determine the overall health of a college; however, viewing the changes over time will give one good indication of the College's financial position. Other factors to consider are other non-financial such as enrollment trends, retention, condition of the facilities, and national and regional economic conditions.

The College breaks its revenue down into two major categories, operating and non-operating. Operating revenue is revenue brought in by a direct action of the College, such as tuition and fees and grants requiring specific outcomes. Non-operating revenue is revenue that that comes to the College though legislation, millage, and funds not directly related to the operation of the College, such as investment income and gifts.

The College records all assets and liabilities on an accrual basis, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

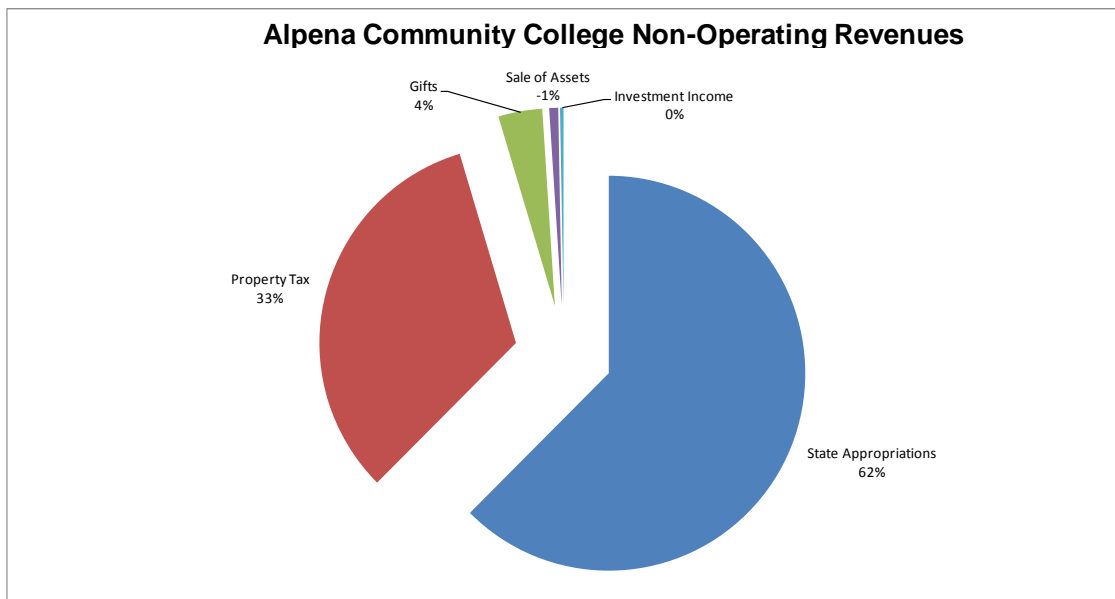
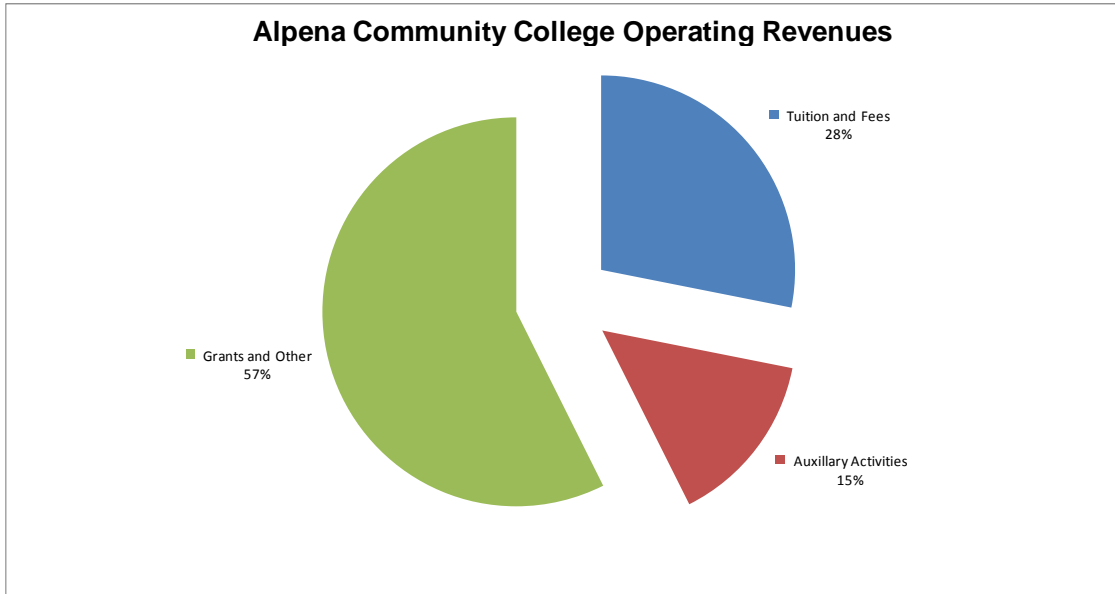
### Net Assets, End of Year (in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/10	6/30/09	6/30/10	6/30/09
Current Assets	\$ 4,437	\$ 4,287	\$ 1,128	\$ 1,258
Noncurrent Assets	16,465	17,146	3,432	3,128
Total Assets	<u>20,902</u>	<u>21,433</u>	<u>4,560</u>	<u>4,386</u>
Current Liabilities	3,303	3,253	0	0
Noncurrent Liabilities	1,491	1,753	0	0
Total Liabilities	<u>4,794</u>	<u>5,006</u>	<u>0</u>	<u>0</u>
Net Assets				
Invested in capital assets net of related debts	14,875	15,353	0	0
Restricted	53	53	2,980	2,824
Unrestricted	<u>1,080</u>	<u>1,020</u>	<u>1,580</u>	<u>1,562</u>
Total Net Assets	<u>\$ 16,108</u>	<u>\$ 16,426</u>	<u>\$ 4,560</u>	<u>\$ 4,386</u>
Increase (Decrease) Net Assets	<u>(\$ 318)</u>		<u>\$ 174</u>	

## Alpena Community College Management's Discussion and Analysis

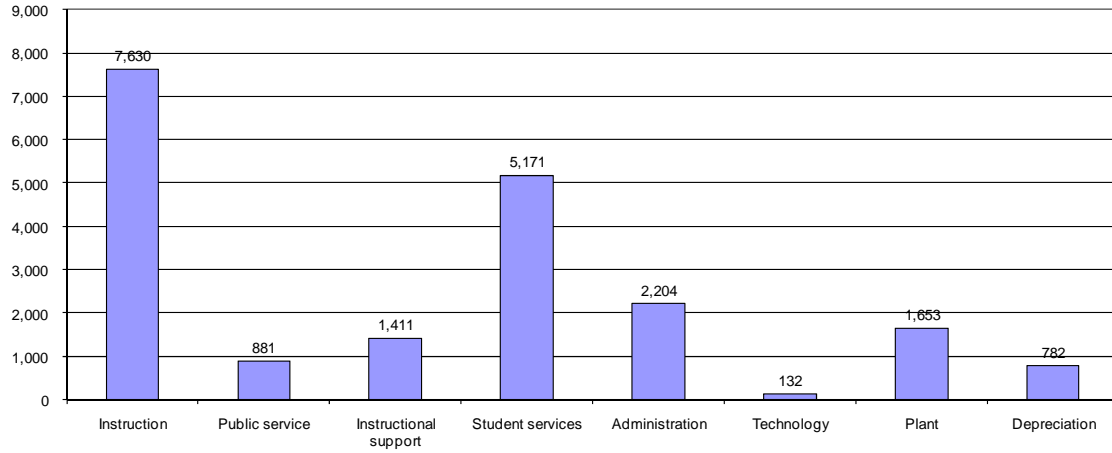
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Operating and non-operating revenues and operating expenses for the fiscal year ended June 30, 2010:



## Alpena Community College Management's Discussion and Analysis

**Operating Expense:  
Alpena Community College  
2010  
(in thousands)**



**Operating Results for the Year  
2009-2010  
(in thousands)**

	Alpena Community College		Alpena Community College Foundation	
	6/30/10	6/30/09	6/30/10	6/30/09
<b>Operating Revenues</b>				
Tuition and fees	\$ 3,203	\$ 3,638	\$ 0	\$ 0
Grants and contracts	6,502	5,897	0	0
Auxiliary Activities	1,651	1,719	0	0
Other	39	40	24	19
<b>Total Operating Revenues</b>	<u>11,395</u>	<u>11,294</u>	<u>20</u>	<u>19</u>
<b>Operating Expenses</b>	<u>19,864</u>	<u>19,730</u>	<u>377</u>	<u>403</u>
<b>Net Operating Revenues(Expenses)</b>	<u>(8,468)</u>	<u>(8,436)</u>	<u>(353)</u>	<u>(384)</u>
<b>Nonoperating Revenues</b>				
State appropriations	5,214	5,211	0	0
Other nonoperating revenues	2,936	2,648	527	498
<b>Net Nonoperating Revenues</b>	<u>8,150</u>	<u>7,859</u>	<u>527</u>	<u>498</u>
<b>Income before other revenues, expenses, gains or losses</b>	<u>(318)</u>	<u>(577)</u>	<u>174</u>	<u>114</u>
<b>Net Assets</b>				
Net Assets - beginning of year	16,426	17,003	4,386	4,272
<b>Net Assets - end of year</b>	<u>\$ 16,108</u>	<u>\$ 16,426</u>	<u>\$ 4,560</u>	<u>\$ 4,386</u>

Alpena Community College  
Management's Discussion and Analysis

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**Operating Revenues**

Alpena Community College

Operating revenue changes were the result of the following factors:

- State appropriations remained level.
- The College experienced a 5.3% increase in property tax revenue from the millage restoration estimated at 2.3% and by an additional 3% from increased valuation.
- Tuition and fees, due to net increase of scholarship allowance, decreased by 12%. The rise in scholarship is due to the increase use and availability of Pell Grant awards.
- Pell Grant usage also contributed to Federal grants and contracts increase of 17.3%.
- State grants and contracts decreased by 54% due to the elimination of Michigan Promise scholarships this year.

**Operating Expenses**

Alpena Community College

Operating expense changes were the result of the following factors:

- Instructional costs rose 6.3% due to full-time faculty hires and contractual obligations.
- Public services decreased by 37% because of the termination of the Community Based Jobs Training grant.
- Student services increased by 8.8% due to the increased usage of Pell Grants.

**The Statement of Cash Flows**

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash flows also helps users assess: an entities ability to generate future cash flows, its ability to meet its financial obligations as they come due, and its needs for external financing.

Cash Flows for the Year  
2009-2010  
(in thousands)

	College		Foundation	
	6/30/10	6/30/09	6/30/10	6/30/09
Cash provided (used) by:				
Operating activities	\$ (7,508)	\$(7,545)	\$ (352)	\$ (382)
Non-capital financing activities	8,259	8,061	233	1,428
Capital and related financing activities	(488)	(853)	0	0
Investing activities	24	11	62	(8)
Net increase (decrease) in cash	287	(325)	(57)	1,038
Cash, beginning of the year	431	757	1,102	64
Cash, end of the year	\$ 718	\$432	\$ 1,045	\$ 1,102

Alpena Community College  
**Management's Discussion and Analysis**

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The College's liquidity increased during the year. The following information is provided to help the reader better understand the cash flows presented above.

Alpena Community College

Capital purchases for FY 2010 decreased by nearly \$357,568 over FY 2009 primarily due to no new building projects. The College acquired a short-term loan to insure proper cash availability during the first half of FY 2010, retired in January 2010. The College assumed no additional long-term debt.

Alpena Community College Foundation

The Foundation's liquidity decreased slightly primarily due to lower collections of donations.

**Capital Assets and Debt Administration**

**Capital Assets**

The College has kept a close eye on the economic conditions of the state and nation. With the economic downturn and future appropriation levels in question, the College has turned to purchasing only the capital assets that are immediately needed for replacements or have major funding opportunities available, such as Perkins Grants and Technology Fund computer rotations.

Capital Assets, Net, at Year-End  
2009-2010  
(in thousands)

	College		Foundation		Totals	
	6/30/10	6/30/09	6/30/10	6/30/09	6/30/10	6/30/09
Land	\$ 340	\$ 340	\$ 0	\$ 0	\$ 340	\$ 340
Land improvements	1,156	1,156	0	0	1,156	1,156
Buildings	25,606	25,530	0	0	25,606	25,530
Furniture, fixtures and equipment	4,070	4,068	0	0	4,070	4,068
Vehicles	395	359			395	359
Books	1,418	1,430	0	0	1,418	1,430
Totals	<u>\$ 32,985</u>	<u>\$ 32,883</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,985</u>	<u>\$ 32,883</u>

Alpena Community College  
**Management's Discussion and Analysis**

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**Debt**

At year-end, the College maintains a low debt profile. While the College has over \$16 million in total assets (see page 3), there is only \$1.33 million of long-term debt.

**Economic Factors That Will Affect the Future**

The economic condition of the College is closely tied to the State. The economy of Michigan has been down for seven years and is anticipated to be down for at least one more year. The College's state appropriation dropped slightly for FY 2010 over FY 2009. The College's appropriations for FY 2011 look to dip slightly due to a discontinuation of renaissance zone funding. In the coming year, the College may face further Executive Orders or negative appropriations. There is little growth anticipated over the next two years that would fuel additional increased local tax support and perhaps some reductions due to the slow housing market. The population that supports the College's enrollment is aging and the feeder high school enrollments are down. The College is looking at several areas including:

- Expand niche programs, such as Nursing, Concrete Technology and Utility Technology.
- Delay the hiring or restructure faculty and staff positions.
- Increased tuition and fees to meet the growing costs of retirement and health care, but is taking a very hard look at future tuition increases, so as not to price some students out of the market.
- Through the College's Marketing Plan, look at other opportunities to make up the decrease in our market base by encouraging expansion in our niche programs and improving partnerships with area high schools and communities.
- Closely look at the College's financial reserves and determine how best to allocate them.
- Cultivation of annexation proposals for Presque Isle school district.

In spite of the downturn of the economy and other outside pressures, ACC will continue to be the college of choice for Northeast Lower Michigan and to provide the highest quality education for its citizens.

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**ALPENA COMMUNITY COLLEGE**

Balance Sheet

	Alpena Community College		A.C.C. Foundation	
	June 30		June 30	
	2010	2009	2010	2009
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 718,427	\$ 431,524	\$ 1,044,870	\$ 1,102,116
State appropriation receivable	932,018	932,018	-	-
Accounts receivable	1,845,121	2,014,441	-	-
Contributions receivable	-	-	83,372	155,736
Federal and state grants receivable	58,438	156,101	-	-
Student loans receivable	755	760	-	-
Inventories	573,614	487,331	-	-
Insurance funds on deposit	309,241	264,802	-	-
Due from (to) other funds	-	-	-	-
Other current assets	-	-	-	159
Total Current Assets	<u>4,437,614</u>	<u>4,286,977</u>	<u>1,128,242</u>	<u>1,258,011</u>
Restricted investments	-	-	2,910,164	2,647,482
Split interest agreements	-	-	521,504	480,185
Other investments	-	-	-	-
Property and equipment	<u>16,464,513</u>	<u>17,145,663</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 20,902,127</u></b>	<b><u>\$ 21,432,640</u></b>	<b><u>\$ 4,559,910</u></b>	<b><u>\$ 4,385,678</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ 245,000	\$ 235,000	\$ -	\$ -
Accounts payable	160,179	251,671	75	129
Accrued interest payable	19,305	21,660	-	-
Accrued payroll and related liabilities	1,011,802	841,070	-	-
Deposits	7,108	9,179	-	-
Unearned student tuition and fees	<u>1,859,366</u>	<u>1,894,190</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>3,302,760</u>	<u>3,252,770</u>	<u>75</u>	<u>129</u>
Long-term debt obligations	1,335,000	1,580,000	-	-
Accrued compensated absences	<u>156,405</u>	<u>173,554</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,794,165</u>	<u>5,006,324</u>	<u>75</u>	<u>129</u>
Net Assets				
Invested in capital assets, net of related debt	14,874,513	15,353,102	-	-
Restricted for:				
Expendable scholarships and grants	47,004	46,078	2,980,084	2,824,140
Student loans	4,240	4,237	-	-
Debt service	1,918	2,514	-	-
Unrestricted:				
Unallocated	<u>1,180,287</u>	<u>1,020,385</u>	<u>1,579,751</u>	<u>1,561,409</u>
Total Net Assets	<u>16,107,962</u>	<u>16,426,316</u>	<u>4,559,835</u>	<u>4,385,549</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 20,902,127</u></b>	<b><u>\$ 21,432,640</u></b>	<b><u>\$ 4,559,910</u></b>	<b><u>\$ 4,385,678</u></b>

The accompanying notes are an integral part of this statement.

**ALPENA COMMUNITY COLLEGE**

Statement of Revenue, Expenses and Changes in Net Assets

	Alpena Community College		A.C.C. Foundation	
	Year Ended June 30		Year Ended June 30	
	2010	2009	2010	2009
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$3,412,428 and \$2,572,077)	\$ 3,203,426	\$ 3,637,961	\$ -	\$ -
Federal grants and contracts	6,238,691	5,316,409	-	-
State grants and contracts	248,447	544,164	-	-
Local grants and fees	14,500	35,896	-	-
Auxiliary activities	1,650,815	1,719,178	-	-
Miscellaneous	38,900	40,132	24,170	19,100
Total Operating Revenue	<u>11,394,779</u>	<u>11,293,740</u>	<u>24,170</u>	<u>19,100</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	7,630,405	7,178,662	-	-
Technology	132,120	196,364	-	-
Public services	880,777	1,396,642	-	-
Instructional support	1,410,506	1,492,268	-	-
Student services	5,170,772	4,750,385	291,002	310,750
Institutional administration	2,204,191	2,239,027	86,248	91,967
Operation and maintenance of plant	1,652,562	1,708,325	-	-
Depreciation expense	782,325	759,465	-	-
Other expenditures	-	8,650	-	-
Total Operating Expenses	<u>19,863,658</u>	<u>19,729,788</u>	<u>377,250</u>	<u>402,717</u>
Operating Loss	<u>(8,468,879)</u>	<u>(8,436,048)</u>	<u>(353,080)</u>	<u>(383,617)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	5,214,091	5,210,610	-	-
Property tax levy	2,743,452	2,603,627	-	-
Investment income (loss)	24,206	11,485	366,298	(881,759)
Student loan interest	4	5	-	-
Interest on capital asset - related debt	(71,751)	(79,452)	-	-
Gifts and permanent endowments	301,269	263,104	161,068	1,379,391
Gain (loss) on sale of capital assets	(60,745)	(150,376)	-	-
Net Nonoperating Revenue (Expense)	<u>8,150,526</u>	<u>7,859,003</u>	<u>527,366</u>	<u>497,632</u>
Increase (Decrease) in Net Assets	(318,353)	(577,045)	174,286	114,015
<b>NET ASSETS - beginning of year</b>	<u>16,426,315</u>	<u>17,003,360</u>	<u>4,385,549</u>	<u>4,271,534</u>
<b>NET ASSETS - end of year</b>	<u>\$ 16,107,962</u>	<u>\$ 16,426,315</u>	<u>\$ 4,559,835</u>	<u>\$ 4,385,549</u>

The accompanying notes are an integral part of this statement.

**ALPENA COMMUNITY COLLEGE**

Statement of Cash Flows

	Alpena Community College		A.C.C. Foundation	
	Year Ended June 30		Year Ended June 30	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Tuition and fees	\$ 3,337,922	\$ 3,642,129	\$ -	\$ -
Grants and contracts	6,599,301	5,871,616	-	-
Payments to suppliers	(5,899,312)	(5,382,420)	(324,369)	(334,280)
Payments to employees	(13,235,574)	(13,435,285)	(52,698)	(67,000)
Collection of loans from students	4	-	-	-
Auxiliary enterprise charges	1,650,815	1,719,178	-	-
Other	38,900	40,132	24,170	19,100
Net cash provided (used) for operating activities	(7,507,944)	(7,544,650)	(352,897)	(382,180)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State appropriations	5,214,091	5,194,010	-	-
Property tax levy	2,743,452	2,603,627	-	-
Gifts and permanent endowments	301,269	263,104	233,432	1,428,656
Net cash provided (used) by noncapital financing activities	8,258,812	8,060,741	233,432	1,428,656
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(161,920)	(555,890)	-	-
Proceeds from sale of assets	-	-	-	-
Proceeds from issuance of debt	-	600,000	-	-
Principal paid on capital debt	(235,000)	(825,000)	-	-
Interest paid on capital debt	(74,106)	(81,773)	-	-
Change in compensated absences liability	(17,149)	9,738	-	-
Net cash provided (used) by capital and related financing activities	(488,175)	(852,925)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(4,923,333)	(6,238,495)
Proceeds from sales and maturities of investment	-	-	4,832,791	6,118,667
Investment income (loss)	24,206	11,485	152,761	111,338
Student loan interest	4	5	-	-
Net cash provided (used) by investing activities	24,210	11,490	62,219	(8,490)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	286,903	(325,344)	(57,246)	1,037,986
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	431,524	756,868	1,102,116	64,130
<b>CASH AND CASH EQUIVALENTS - end of the year</b>	\$ 718,427	\$ 431,524	\$ 1,044,870	\$ 1,102,116

The accompanying notes are an integral part of this statement.

**ALPENA COMMUNITY COLLEGE**  
Statement of Cash Flows (Continued)

	Alpena Community College		A.C.C. Foundation	
	Year Ended June 30		Year Ended June 30	
	2010	2009	2010	2009
<b>BALANCE SHEET CLASSIFICATIONS OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents	\$ 718,427	\$ 431,524	\$ 1,044,870	\$ 1,102,116
<b>RECONCILIATION OF NET OPERATING EXPENSES TO CASH USED FOR OPERATING ACTIVITIES:</b>				
Operating Income (loss)	\$ (8,468,879)	\$ (8,436,048)	\$ (353,080)	\$ (383,617)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation	782,325	759,465	-	-
(Increase) decrease in net assets:				
Accounts receivable	169,320	(297,448)	-	-
Federal and state grants receivable	97,663	(24,853)	-	-
Student loans receivable	4	-	-	-
Inventories	(86,283)	50,716	-	-
Insurance funds on deposit	(44,439)	19,928	-	-
Prepaid expenses	-	-	129	1,308
Increase (decrease) in liabilities:				
Accounts payable	(91,492)	10,726	54	129
Accrued payrolls and related liabilities	170,732	68,215	-	-
Deposits	(2,071)	3,033	-	-
Unearned student tuition and fees	(34,824)	301,616	-	-
	<u>\$ (7,507,944)</u>	<u>\$ (7,544,650)</u>	<u>\$ (352,897)</u>	<u>\$ (382,180)</u>

The accompanying notes are an integral part of this statement.

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES.**

**Reporting Entity.** Alpena Community College is a Michigan community college whose financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and as outlined in the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges*, 2001 as amended August 2010.

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the individual component unit discussed in Note 11, is included in the College's reporting entity.

Significant accounting policies followed by Alpena Community College are described below to enhance the usefulness of the financial statements to the reader:

**Accrual Basis.** The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

**Cash and Cash Equivalents.** Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

**Accounts Receivable.** Accounts receivable are recorded net of allowance of uncollectible accounts of approximately \$151,458 at June 30, 2010.

**Student Loans Receivable.** Student loans receivable are recorded net of allowance of uncollectible accounts of approximately \$26,243 at June 30, 2010.

**Inventories.** Inventories are stated at the lower of cost or market using the first-in, first-out method.

**Investments.** Investments are recorded at fair value, based on quoted market prices.

**Property and Equipment.** Property and equipment are recorded at cost, or, if acquired by gift, at the fair market value as of the date of acquisition. Library books are recorded using a historically based estimated value. Depreciation is provided for physical properties on a straight-line basis of the estimated useful life of the assets.

**Unearned Student Tuition and Fees.** Student tuition and fees are recorded as a receivable at registration. Revenues received prior to year end that relate to future fiscal periods are recorded as deferred revenues. Deferred revenue of \$1,859,366 for unearned tuition and fees for future semesters existed at June 30, 2010.

**Compensated Absences.** Compensated absences represent the accumulated liability to be paid under the College's current sick and vacation pay policy. Under the College's policy, employees earn sick and vacation time based on time of service with the College

**Gifts and Pledges.** Gifts are recorded when received and pledges are recorded when it is determined that the gift is probable of collection at its net present value.

**Internal Service Activities.** Both revenue and expenses related to internal service activities including print shops, office equipment, maintenance, telecommunications, and institutional computing have been eliminated.

Alpena Community College

NOTES TO FINANCIAL STATEMENTS

**Unrestricted Net Assets.** The College, through Board action, has designed the use of unrestricted net assets as follows:

Designated for unreported insurance claims	\$ 309,241
Unrestricted and unallocated	<u>871,046</u>
Total unrestricted net assets	<u>\$ 1,180,287</u>

**Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassification.** Certain items reported in the June 30, 2009, financial statements may have been reclassified to conform to the presentation for the current year.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS.**

The College's deposits and investments are included on the balance sheet under the following classifications:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	\$ 718,427	\$ 1,044,870
Restricted investments	<u>-</u>	<u>2,910,164</u>
Total unrestricted net assets	<u>\$ 718,427</u>	<u>\$ 3,955,034</u>

The above amounts are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 714,927	\$ 1,044,870
Investments in securities and similar vehicles	-	2,910,164
Petty cash and cash on hand	<u>3,500</u>	<u>-</u>
Total unrestricted net assets	<u>\$ 718,427</u>	<u>\$ 3,955,034</u>

**Interest rate risk.** In accordance with its investment policy, the College will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the College's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2010, the College did not have any investments which have ratings below prime.

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

**Concentration of credit risk.** The College will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the College's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Under the FDIC's Transaction Account Guarantee (TAG) Program all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount of the account through December 31, 2010. This includes traditional demand deposit checking accounts and NOW accounts that maintain the interest rate at or below 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010.

Effective on December 31, 2010 and continuing through December 31, 2012, the Dodd-Frank Act provides unlimited FDIC insurance for noninterest-bearing transaction accounts in all banks. The unlimited coverage provided for in the Dodd-Frank Act for 2011 and 2012 includes only transaction accounts that pay no interest and does not include any interest bearing NOW accounts.

As of June 30, 2010 \$82,547 of the College's bank balance of \$800,829 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the College's name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The College will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the College will do business.

**Foreign currency risk.** The College is not authorized to invest in investments which have this type of risk.

**NOTE 3. PROPERTY AND EQUIPMENT.**

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2010 as follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Estimated Useful Life (In Years)
Capital Assets					
Land	\$ 339,600	\$ -	\$ -	\$ 339,600	
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	25,530,552	75,227	-	25,605,779	40
Furniture, fixtures, and equipment	4,068,060	27,846	(25,745)	4,070,161	3-7
Vehicles	359,178	36,126	-	395,304	4
Books	<u>1,429,882</u>	<u>22,721</u>	<u>(35,000)</u>	<u>1,417,603</u>	10
Total capital assets	<u>32,883,676</u>	<u>161,920</u>	<u>(60,745)</u>	<u>32,984,851</u>	
Less accumulated depreciation					
Land improvements	1,091,655	9,735	-	1,101,390	15
Buildings and improvements	9,677,163	566,491	-	10,243,654	40
Furniture, fixtures, and equipment	3,531,597	141,534	-	3,673,131	3-7
Vehicles	301,233	22,310	-	323,543	4
Books	<u>1,136,365</u>	<u>42,255</u>	<u>-</u>	<u>1,178,620</u>	10
Total accumulated depreciation	<u>15,738,013</u>	<u>782,325</u>	<u>-</u>	<u>16,520,338</u>	
Capital assets, net	<u>\$ 17,145,663</u>	<u>\$ (620,405)</u>	<u>\$ (60,745)</u>	<u>\$ 16,464,513</u>	

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4. PENSION PLAN.**

**Plan Description.** The College participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan that covers most employees of the College. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at P.O. Box 30171, Lansing, MI 48909-7611 or by calling 800-381-5111.

**Funding Policy.** Employer contributions to the System result from the effects of implementing the School Finance Reform Act and the provisions of Public Act 300 of 1980, as amended. Under these procedures, each College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a class disbursement basis. The obligation to contribute to and maintain the system for these employees was established by negotiation with the College's competitive bargaining unit and personnel policy, which does not require employees to contribute to the plan. The College is required to contribute at an actuarially determined rate; the current rate totals 16.94 percent for the period from October 1, 2009 through June 30, 2010 and 16.54 percent from October 1, 2008 through September 30, 2009 of the covered payroll to the plan. The College's contributions to the MPERS plan for the years ended June 30, 2010, 2009 and 2008 were \$1,285,060, \$1,289,260, and \$1,223,553, respectively. Basic plan members make no contributions, but contribute to a Member Investment Plan (MIP) at rates ranging from 3.0 percent to 6.4% of gross wages. For the years ended June 30, 2010, 2009 and 2008 Alpena Community College members contributed \$ 251,389, \$258,655, and \$193,394, respectively. The College's contributions to the Optional Retirement Plan (ORP) were \$157,639 with members making matching contributions of \$52,547 for the year ended June 30, 2010.

**Postemployment Benefits.** Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverage's contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverages. Required contributions for postemployment health care benefits are included as part of the College's total contribution to the MPERS plan discussed above. The College is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

**NOTE 5. COMPENSATED ABSENCES AND OTHER EMPLOYEE PAYMENTS.**

Employee benefits that will be paid at a future date but attributable to services already rendered are recorded at June 30, 2010. These compensated absences include vacation leave, sick pay and longevity. In addition, any salary-related payments (such as Social Security) associated with the payment of compensated absences are also recorded.

Any fringe benefits (such as health insurance) associated with faculty compensation that are paid during July and August are recorded as liabilities at June 30, since future services are not required for the receipt of these benefits.

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. NOTES AND BONDS PAYABLE.**

Notes and bonds payable of the College are as follows:

	<u>Balances</u> <u>June 30, 09</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balances</u> <u>June 30, 10</u>	<u>Current</u> <u>Maturities</u>
2002 College Improvement And Refunding Bonds Installment Loan Dated: 09-01-2002 Matures: 03-01-2022 Interest 2.7% - 4.75%	\$ 1,375,000	\$ -	\$ (155,000)	\$ 1,220,000	\$ 160,000
Installment Loan Dated: 12-01-2004 Matures: 05-01-2014 Interest 2.5% - 4.0%	<u>440,000</u>	<u>-</u>	<u>(80,000)</u>	<u>360,000</u>	<u>85,000</u>
	<u>\$ 1,815,000</u>	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 1,580,000</u>	<u>\$ 245,000</u>

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2010 are as follows:

<u>For the year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Requirement</u>
2011	\$ 245,000	\$ 65,321	\$ 310,321
2012	255,000	56,160	311,160
2013	265,000	46,350	311,350
2014	275,000	35,862	310,862
2015	55,000	24,683	79,683
2016-2020	335,000	83,695	418,695
2021-2022	<u>150,000</u>	<u>10,688</u>	<u>160,688</u>
	<u>\$1,580,000</u>	<u>\$ 322,759</u>	<u>\$ 1,902,759</u>

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7. PROPERTY TAXES.**

The assessed values of real and personal property situated in the College District are established annually by local taxing authorities as of December 31, and are equalized by the State at an estimated 50 percent of current market value. The property tax is levied on July 1 and becomes delinquent after July 31 for City of Alpena residents (representing approximately 27% of collections), with the remainder levied December 1 and payable by February 14 for the balance of taxpayers in Alpena and Presque Isle Counties. Uncollected property taxes as of March 1 are added to the County delinquent tax rolls. By agreement with Alpena and Presque Isle Counties, the Counties purchase at face value the real property taxes receivable returned delinquent each March 1. The property value used for determining the amount of property tax levied is known as the "taxable value" (TV). This differs from the State Equalized Value (SEV) by limiting annual increases to a cost-of-living adjustment or 5 percent, whichever is less by the provisions of the Headlee Amendment. The Taxable Value for the 2009-2010 school year in Alpena Community College was established at \$1,096,920,572. The College's total tax rate was established at 2.500 mills (1.5000 charter mills and 1.0000 additional mills voted for general operations).

**NOTE 8. RISK MANAGEMENT.**

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and workers' compensation as well as medical benefits provided to employees. The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for claims relating to all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the College participates operates as a common risk-sharing management program for community colleges in Michigan; members' premiums are used to purchase commercial excess coverage and to pay member claims in excess of deductible amounts.

**NOTE 9. CLAIMS AND CONTINGENCIES.**

In the ordinary course of business the College is exposed to various claims and legal actions, which may be partially or fully covered by insurance. In the opinion of the College's management, the ultimate loss, if any, resulting from any claims and legal actions will not be material to the financial position of the College. The College participates in a number of federally and state assisted grant programs. These programs are subject to program compliance audits. The compliance audit reports have not yet been completed and accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; however, the College expects such amounts, if any, to be immaterial.

**NOTE 10. RELATED PARTY TRANSACTIONS.**

An independent Alpena Community College Foundation exists. The Foundation has a separate board of trustees and operates independently from the College. The purpose of the Foundation is to raise funds which will be transferred to Alpena Community College to assist the College financially in its endeavor to promote educational opportunities.

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11. COMMUNITY COLLEGE FOUNDATION.**

Alpena Community College Foundation is a separate legal entity established as 501(c)3 corporation to accept, collect, hold and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. At June 30, 2010 the stated value of the net assets of the Foundation totaled \$4,559,835. These assets and all activity of the Foundation are included in the financial statements of the college as a discretely presented component unit.

The College provides personnel support, supplies and equipment to the Foundation.

## **SUPPLEMENTAL INFORMATION**

ALPENA COMMUNITY COLLEGE

Combining Balance Sheet

June 30, 2010

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 366,987	\$ 9,941	\$ 1,400	\$ 571
State appropriation receivable	932,018	-	-	-
Accounts receivable	1,834,381	-	3,826	-
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	58,438
Student loans receivable	-	-	-	-
Inventories	-	-	573,614	-
Insurance funds on deposit	309,241	-	-	-
Other current assets	-	-	-	-
Due from (to) other funds	461,400	29,538	(486,102)	88,920
Total Current Assets	<u>3,904,027</u>	<u>39,479</u>	<u>92,738</u>	<u>147,929</u>
Restricted investments	-	-	-	-
Split interest agreements	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 3,904,027</u></u>	<u><u>\$ 39,479</u></u>	<u><u>\$ 92,738</u></u>	<u><u>\$ 147,929</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	160,179	-	-	-
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	840,233	25,625	5,342	77,388
Deposits	-	-	-	-
Unearned student tuition and fees	1,849,404	4,865	-	5,097
Total Current Liabilities	<u>2,849,816</u>	<u>30,490</u>	<u>5,342</u>	<u>82,485</u>
Long-term debt obligations	-	-	-	-
Accrued compensated absenses	115,494	8,989	2,185	29,737
Total Liabilities	<u>2,965,310</u>	<u>39,479</u>	<u>7,527</u>	<u>112,222</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for				
Expendable scholarships and grants	-	-	-	35,707
Student loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unrestricted				
Unallocated	938,717	-	85,211	-
Total Net Assets	<u>938,717</u>	<u>-</u>	<u>85,211</u>	<u>35,707</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,904,027</u></u>	<u><u>\$ 39,479</u></u>	<u><u>\$ 92,738</u></u>	<u><u>\$ 147,929</u></u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ 3,485	\$ -	\$ 336,043	\$ -	\$ -	\$ 718,427	\$ 1,044,870
-	-	-	-	-	932,018	-
6,914	-	-	-	-	1,845,121	-
-	-	-	-	-	-	83,372
-	-	-	-	-	58,438	-
755	-	-	-	-	755	-
-	-	-	-	-	573,614	-
-	-	-	-	-	309,241	-
-	-	-	-	-	-	-
(6,914)	11,297	(168,461)	70,322	-	-	-
<u>4,240</u>	<u>11,297</u>	<u>167,582</u>	<u>70,322</u>	<u>-</u>	<u>4,437,614</u>	<u>1,128,242</u>
-	-	-	-	-	-	2,910,164
-	-	-	-	-	-	521,504
-	-	-	-	-	-	-
-	-	16,464,513	-	-	16,464,513	-
<u>\$ 4,240</u>	<u>\$ 11,297</u>	<u>\$ 16,632,095</u>	<u>\$ 70,322</u>	<u>\$ -</u>	<u>\$ 20,902,127</u>	<u>\$ 4,559,910</u>
\$ -	\$ -	\$ 245,000	\$ -	\$ -	\$ 245,000	\$ -
-	-	-	-	-	160,179	75
-	-	19,305	-	-	19,305	-
-	-	-	63,214	-	1,011,802	-
-	-	-	7,108	-	7,108	-
-	-	-	-	-	1,859,366	-
-	-	264,305	70,322	-	3,302,760	75
-	-	1,335,000	-	-	1,335,000	-
-	-	-	-	-	156,405	-
-	-	1,599,305	70,322	-	4,794,165	75
-	-	14,874,513	-	-	14,874,513	-
-	11,297	-	-	-	47,004	2,980,084
4,240	-	-	-	-	4,240	-
-	-	-	-	-	-	-
-	-	1,918	-	-	1,918	-
-	-	156,359	-	-	1,180,287	1,579,751
<u>4,240</u>	<u>11,297</u>	<u>15,032,790</u>	<u>-</u>	<u>-</u>	<u>16,107,962</u>	<u>4,559,835</u>
<u>\$ 4,240</u>	<u>\$ 11,297</u>	<u>\$ 16,632,095</u>	<u>\$ 70,322</u>	<u>\$ -</u>	<u>\$ 20,902,127</u>	<u>\$ 4,559,910</u>

## ALPENA COMMUNITY COLLEGE

## Combining Statement of Revenues, Expenditures and Changes in Net Assets

For the Year Ended June 30, 2010

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$3,412,428)	\$ 5,667,074	\$ 610,634	\$ 15,000	\$ 1,030
Federal grants and contracts	7,465	-	-	6,231,226
State grants and contracts	-	-	-	227,411
Local grants and fees	-	-	-	14,500
Auxiliary activities	-	191,060	1,459,755	-
Indirect cost recoveries	78,544	-	-	(78,544)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	13,389	4,917	-	(677)
Total Operating Revenue	<u>5,766,472</u>	<u>806,611</u>	<u>1,474,755</u>	<u>6,394,946</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	7,446,008	109,149	-	75,248
Technology	-	124,023	8,097	-
Public services	-	140,804	94,045	645,928
Instructional support	1,200,732	46,627	-	163,147
Student services	1,042,690	367,787	1,275,953	5,804,692
Institutional administration	2,064,207	139,984	-	-
Operation and maintenance of plant	1,480,355	97,971	14,929	-
Depreciation expense	-	-	-	-
Other expenditures	-	-	-	-
Total Operating Expenses	<u>13,233,992</u>	<u>1,026,345</u>	<u>1,393,024</u>	<u>6,689,015</u>
Operating Income (Loss)	<u>(7,467,520)</u>	<u>(219,734)</u>	<u>81,731</u>	<u>(294,069)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	5,131,091	-	-	83,000
Property tax levy	2,743,452	-	-	-
Investment income	24,110	86	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	61,606	3,468	4,000	42,229
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	<u>7,960,259</u>	<u>3,554</u>	<u>4,000</u>	<u>125,229</u>
Increase (Decrease) in Net Assets	492,739	(216,180)	85,731	(168,840)
Transfers In (Out)	<u>(380,817)</u>	<u>270,069</u>	<u>(143,639)</u>	<u>163,198</u>
Net Increase (Decrease) in Net Assets	111,922	53,889	(57,908)	(5,642)
<b>NET ASSETS - Beginning of Year</b>	<u>826,795</u>	<u>(53,889)</u>	<u>143,119</u>	<u>41,349</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 938,717</u>	<u>\$ -</u>	<u>\$ 85,211</u>	<u>\$ 35,707</u>

<u>Student Loan Fund</u>	<u>Endowment Fund</u>	<u>Plant Funds</u>	<u>Agency Fund</u>	<u>Eliminations</u>	<u>Combined Primary Government</u>	<u>A.C.C. Foundation Component Unit</u>
\$ -	\$ -	\$ 322,116	\$ -	\$ (3,412,428)	\$ 3,203,426	\$ -
-	-	-	-	-	6,238,691	-
-	21,036	-	-	-	248,447	-
-	-	-	-	-	14,500	-
-	-	-	-	-	1,650,815	-
-	-	-	-	-	-	-
-	-	161,920	-	(161,920)	-	-
-	-	21,271	-	-	38,900	24,170
-	21,036	505,307	-	(3,574,348)	11,394,779	24,170
-	-	-	-	-	7,630,405	-
-	-	-	-	-	132,120	-
-	-	-	-	-	880,777	-
-	-	-	-	-	1,410,506	-
-	92,078	-	-	(3,412,428)	5,170,772	291,002
-	-	-	-	-	2,204,191	86,248
-	-	221,227	-	(161,920)	1,652,562	-
-	-	782,325	-	-	782,325	-
-	-	-	-	-	-	-
-	92,078	1,003,552	-	(3,574,348)	19,863,658	377,250
-	(71,042)	(498,245)	-	-	(8,468,879)	(353,080)
-	-	-	-	-	5,214,091	-
-	-	-	-	-	2,743,452	-
-	-	10	-	-	24,206	366,298
4	-	-	-	-	4	-
-	-	(71,751)	-	-	(71,751)	-
-	69,966	120,000	-	-	301,269	161,068
-	-	(60,745)	-	-	(60,745)	-
4	69,966	(12,486)	-	-	8,150,526	527,366
4	(1,076)	(510,731)	-	-	(318,353)	174,286
-	7,644	83,545	-	-	-	-
4	6,568	(427,186)	-	-	(318,353)	174,286
4,236	4,729	15,459,976	-	-	16,426,315	4,385,549
<u>\$ 4,240</u>	<u>\$ 11,297</u>	<u>\$ 15,032,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,107,962</u>	<u>\$ 4,559,835</u>

## ALPENA COMMUNITY COLLEGE

## Combining Balance Sheet

June 30, 2009

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 80,119	\$ 9,855	\$ 1,400	\$ 391
State appropriation receivable	932,018	-	-	-
Accounts receivable	1,929,732	52,000	46,534	-
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	156,101
Student loans receivable	-	-	-	-
Inventories	-	12,587	474,744	-
Insurance funds on deposit	264,802	-	-	-
Other current assets	-	-	-	-
Due from (to) other funds	601,635	(106,002)	(373,010)	43,312
Total Current Assets	<u>3,808,306</u>	<u>(31,560)</u>	<u>149,668</u>	<u>199,804</u>
Restricted investments	-	-	-	-
Split interest agreements	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 3,808,306</u></u>	<u><u>\$ (31,560)</u></u>	<u><u>\$ 149,668</u></u>	<u><u>\$ 199,804</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	248,708	396	-	2,567
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	715,176	19,652	5,006	105,370
Deposits	4,225	-	-	-
Unearned student tuition and fees	1,896,276	(5,010)	-	2,924
Total Current Liabilities	<u>2,864,385</u>	<u>15,038</u>	<u>5,006</u>	<u>110,861</u>
Long-term debt obligations	-	-	-	-
Accrued compensated absenses	117,126	7,291	1,543	47,594
Total Liabilities	<u>2,981,511</u>	<u>22,329</u>	<u>6,549</u>	<u>158,455</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for				
Expendable scholarships and grants	-	-	-	41,349
Student loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unrestricted				
Unallocated	826,795	(53,889)	143,119	-
Total Net Assets	<u>826,795</u>	<u>(53,889)</u>	<u>143,119</u>	<u>41,349</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,808,306</u></u>	<u><u>\$ (31,560)</u></u>	<u><u>\$ 149,668</u></u>	<u><u>\$ 199,804</u></u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ 3,477	\$ -	\$ 336,282	\$ -	\$ -	\$ 431,524	\$ 1,102,116
-	-	-	-	-	932,018	-
(13,825)	-	-	-	-	2,014,441	-
-	-	-	-	-	-	155,736
-	-	-	-	-	156,101	-
759	-	-	-	-	759	-
-	-	-	-	-	487,331	-
-	-	-	-	-	264,802	-
-	-	-	-	-	-	159
13,825	4,729	(185,309)	820	-	-	-
<u>4,236</u>	<u>4,729</u>	<u>150,973</u>	<u>820</u>	<u>-</u>	<u>4,286,976</u>	<u>1,258,011</u>
-	-	-	-	-	-	2,647,482
-	-	-	-	-	-	480,185
-	-	-	-	-	-	-
-	-	17,145,663	-	-	17,145,663	-
<u>\$ 4,236</u>	<u>\$ 4,729</u>	<u>\$ 17,296,636</u>	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 21,432,639</u>	<u>\$ 4,385,678</u>
\$ -	\$ -	\$ 235,000	\$ -	\$ -	\$ 235,000	\$ -
-	-	-	-	-	251,671	129
-	-	21,660	-	-	21,660	-
-	-	-	(4,134)	-	841,070	-
-	-	-	4,954	-	9,179	-
-	-	-	-	-	1,894,190	-
-	-	256,660	820	-	3,252,770	129
-	-	1,580,000	-	-	1,580,000	-
-	-	-	-	-	173,554	-
-	-	1,836,660	820	-	5,006,324	129
-	-	15,353,102	-	-	15,353,102	-
-	4,729	-	-	-	46,078	2,824,140
4,236	-	-	-	-	4,236	-
-	-	-	-	-	-	-
-	-	2,514	-	-	2,514	-
-	-	104,360	-	-	1,020,385	1,561,409
<u>4,236</u>	<u>4,729</u>	<u>15,459,976</u>	<u>-</u>	<u>-</u>	<u>16,426,315</u>	<u>4,385,549</u>
<u>\$ 4,236</u>	<u>\$ 4,729</u>	<u>\$ 17,296,636</u>	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 21,432,639</u>	<u>\$ 4,385,678</u>

## ALPENA COMMUNITY COLLEGE

## Combining Statement of Revenues, Expenditures and Changes in Net Assets

For the Year Ended June 30, 2009

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$2,572,077)	\$ 5,334,904	\$ 567,352	\$ 7,500	\$ 974
Federal grants and contracts	6,383	-	-	5,310,026
State grants and contracts	-	-	-	232,418
Local grants and fees	-	1,000	-	34,896
Auxiliary activities	-	306,724	1,412,454	-
Indirect cost recoveries	117,333	2,475	-	(119,808)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	26,835	9,024	-	(538)
Total Operating Revenue	<u>5,485,455</u>	<u>886,575</u>	<u>1,419,954</u>	<u>5,457,968</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	7,003,673	99,713	-	75,276
Technology	-	189,179	7,065	-
Public services	-	83,262	91,863	1,221,517
Instructional support	1,301,320	25,917	-	165,031
Student services	988,423	394,281	1,221,504	4,313,617
Institutional administration	2,131,295	107,732	-	-
Operation and maintenance of plant	1,573,904	99,824	11,692	-
Depreciation expense	-	-	-	-
Other expenditures	-	-	-	-
Total Operating Expenses	<u>12,998,615</u>	<u>999,908</u>	<u>1,332,124</u>	<u>5,775,441</u>
Operating Income (Loss)	<u>(7,513,160)</u>	<u>(113,333)</u>	<u>87,830</u>	<u>(317,473)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	5,130,410	-	-	80,200
Property tax levy	2,603,627	-	-	-
Investment income	8,911	308	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	67,000	3,365	4,479	40,255
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	<u>7,809,948</u>	<u>3,673</u>	<u>4,479</u>	<u>120,455</u>
Increase (Decrease) in Net Assets	296,788	(109,660)	92,309	(197,018)
Transfers In (Out)	<u>(314,477)</u>	<u>122,440</u>	<u>(63,932)</u>	<u>185,825</u>
Net Increase (Decrease) in Net Assets	(17,689)	12,780	28,377	(11,193)
<b>NET ASSETS</b> - Beginning of Year	<u>844,484</u>	<u>(66,669)</u>	<u>114,742</u>	<u>52,542</u>
<b>NET ASSETS</b> - End of Year	<u>\$ 826,795</u>	<u>\$ (53,889)</u>	<u>\$ 143,119</u>	<u>\$ 41,349</u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ -	\$ -	\$ 299,308	\$ -	\$ (2,572,077)	\$ 3,637,961	\$ -
-	-	-	-	-	5,316,409	-
-	311,746	-	-	-	544,164	-
-	-	-	-	-	35,896	-
-	-	-	-	-	1,719,178	-
-	-	-	-	-	-	-
-	-	555,890	-	(555,890)	-	-
-	-	4,811	-	-	40,132	19,100
-	311,746	860,009	-	(3,127,967)	11,293,740	19,100
-	-	-	-	-	7,178,662	-
-	-	120	-	-	196,364	-
-	-	-	-	-	1,396,642	-
-	-	-	-	-	1,492,268	-
-	404,637	-	-	(2,572,077)	4,750,385	310,750
-	-	-	-	-	2,239,027	91,967
-	-	578,795	-	(555,890)	1,708,325	-
-	-	759,465	-	-	759,465	-
-	8,650	-	-	-	8,650	-
-	413,287	1,338,380	-	(3,127,967)	19,729,788	402,717
-	(101,541)	(478,371)	-	-	(8,436,048)	(383,617)
-	-	-	-	-	5,210,610	-
-	-	-	-	-	2,603,627	-
-	-	2,266	-	-	11,485	(881,759)
5	-	-	-	-	5	-
-	-	(79,452)	-	-	(79,452)	-
-	83,005	65,000	-	-	263,104	1,379,391
-	-	(150,376)	-	-	(150,376)	-
5	83,005	(162,562)	-	-	7,859,003	497,632
5	(18,536)	(640,933)	-	-	(577,045)	114,015
-	18,268	51,876	-	-	-	-
5	(268)	(589,057)	-	-	(577,045)	114,015
4,231	4,997	16,049,033	-	-	17,003,360	4,271,534
\$ 4,236	\$ 4,729	\$ 15,459,976	\$ -	\$ -	\$ 16,426,315	\$ 4,385,549