

**ALPENA COMMUNITY COLLEGE**

Audited Financial Statements and  
Other Supplementary Financial Information

Year Ended June 30, 2008

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

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# **ALPENA COMMUNITY COLLEGE**

## **COLLEGE OFFICIALS**

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Donald C. MacMaster, Associate Dean for Workforce Development

Wendy Brooks, Dean for Learning Resource Center/Media



Certified Public Accountants

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### 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, 2008 and 2007 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, 2008 and 2007, 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 October 7, 2008 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.

*Soraby, Jlsky & Lamp P.C.*

October 7, 2008

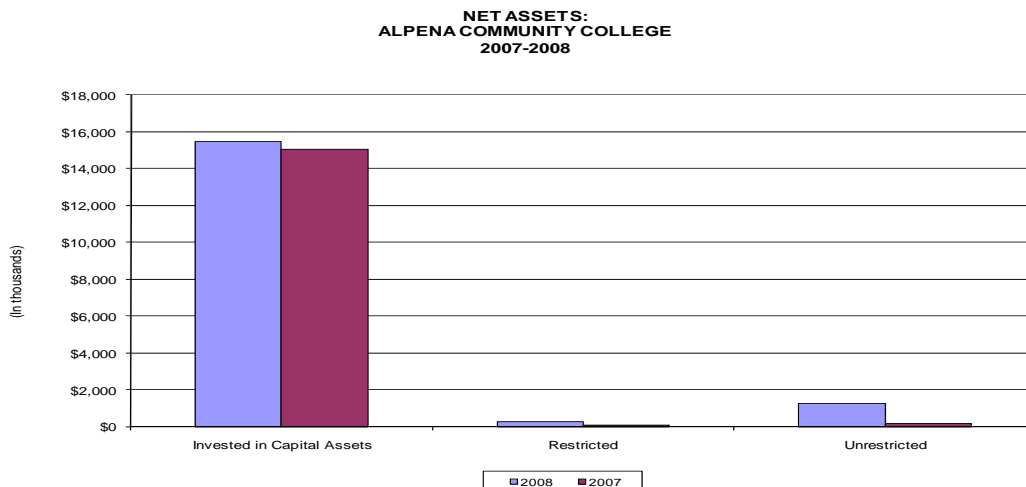
## Management Discussion and Analysis

The following is management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2008. 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 13% to 43,337.
- The assets of Alpena Community College exceeded its liabilities at June 30, 2008, by \$17,003,360.



- The College's net assets increased by \$1,666,017, or 10.9%, due to the repayment of state appropriations lost in FY 2007, 12% increase in enrollments, and the capital expenditures towards the completion of the *Pathways to the Future* project less amortization and depreciation of its assets.
- Operating revenues accounted for only 58% of the total revenues of the College while nonoperating revenues account for 42%. The College experienced an operating loss of \$6,808,246 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. All of the operating loss was offset by State appropriations of \$5,561,634, local property tax of \$2,508,049 and other non-operating revenues of \$404,580, leaving an increase of \$1,666,017. The College recorded nearly \$442,000 in gifts and endowments this year, primarily from *Pathways to the Future* contributions, down from \$1,353,000 last year.

### **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.

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.

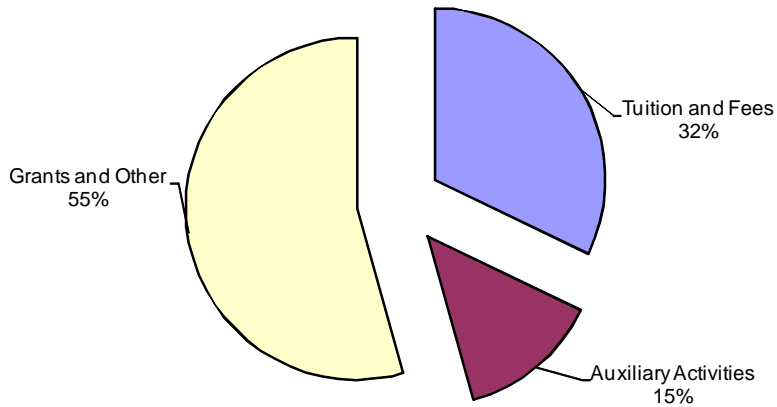
Net Assets, End of Year  
(in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/08	6/30/07	6/30/08	6/30/07
Current Assets	\$ 4,344	\$ 3,704	\$ 271	\$ 480
Noncurrent Assets	17,499	17,289	4,002	4,180
Total Assets	<u>21,843</u>	<u>20,993</u>	<u>4,272</u>	<u>4,660</u>
Current Liabilities	2,861	3,474	0	5
Noncurrent Liabilities	<u>1,979</u>	<u>2,182</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>4,840</u>	<u>5,656</u>	<u>0</u>	<u>56</u>
Net Assets				
Invested in capital assets net of related debts	15,482	15,036	0	0
Restricted	268	102	2,222	3,069
Unrestricted	<u>1,253</u>	<u>199</u>	<u>2,050</u>	<u>1,587</u>
Total Net Assets	<u>\$ 17,003</u>	<u>\$ 15,337</u>	<u>\$ 4,272</u>	<u>\$ 4,656</u>
Increase (Decrease) Net Assets	<u>\$ 1,666</u>		<u>(\$ 384)</u>	

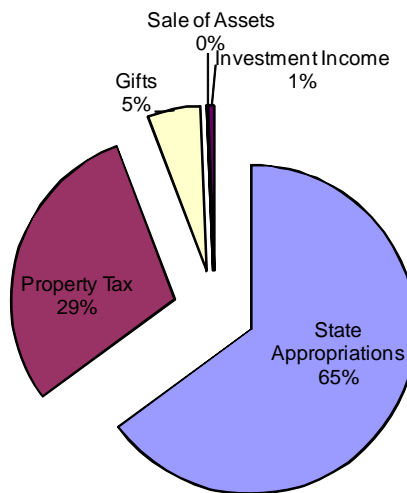


Operating and non-operating revenues and operating expenses for the fiscal year ended June 30, 2008:

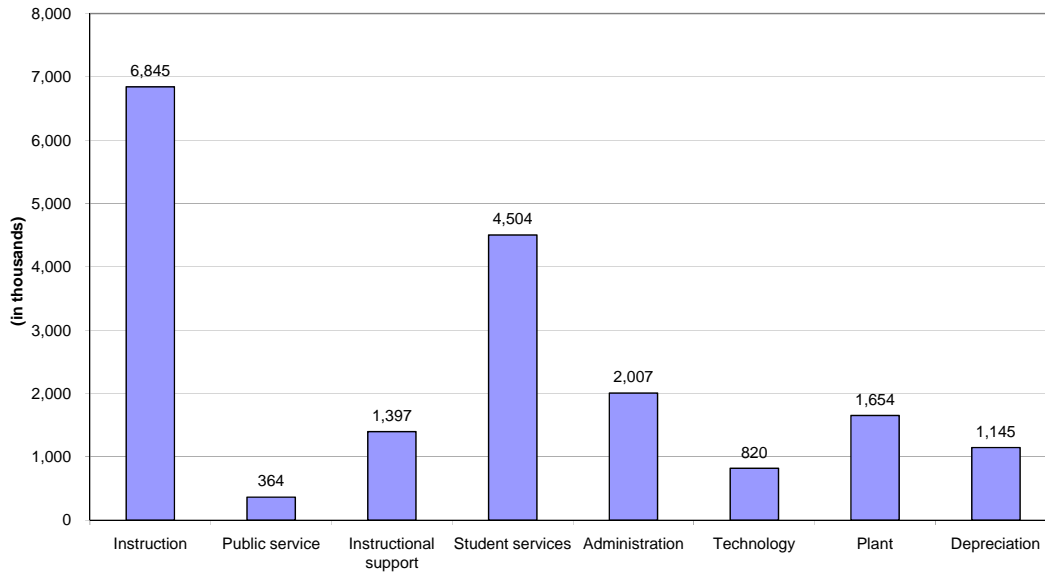
**Operating Revenues:  
Alpena Community College**



**Non-Operating Revenues:  
Alpena Community College**



**Operating Expense:  
Alpena Community College  
2008  
(in thousands)**



**Operating Results for the Year  
2007-2008  
(in thousands)**

	Alpena Community College		Alpena Community College Foundation	
	6/30/08	6/30/07	6/30/08	6/30/07
<b>Operating Revenues</b>				
Tuition and fees	\$ 3,834	\$ 4,159	\$ 0	\$ 0
Grants and contracts	6,356	4,610	0	0
Auxiliary Activities	1,621	1,519	0	0
Other	120	175	20	18
<b>Total Operating Revenues</b>	<b>11,931</b>	<b>10,463</b>	<b>20</b>	<b>18</b>
<b>Operating Expenses</b>	<b>18,739</b>	<b>17,398</b>	<b>632</b>	<b>233</b>
<b>Net Operating Revenues(Expenses)</b>	<b>(6,808)</b>	<b>(6,935)</b>	<b>(612)</b>	<b>(1,426)</b>
<b>Nonoperating Revenues</b>				
State appropriations	5,562	4,370	0	0
Other nonoperating revenues	2,912	3,123	228	893
<b>Net Nonoperating Revenues</b>	<b>8,474</b>	<b>7,493</b>	<b>228</b>	<b>893</b>
<b>Income before other revenues, expenses, gains or losses</b>	<b>1,666</b>	<b>558</b>	<b>(384)</b>	<b>(533)</b>
<b>Net Assets</b>				
Net Assets - beginning of year	15,337	14,779	4,656	5,189
<b>Net Assets - end of year</b>	<b>\$ 17,003</b>	<b>\$ 15,337</b>	<b>\$ 4,272</b>	<b>\$ 4,656</b>

## Operating Revenues

### Alpena Community College

Operating revenue changes were the result of the following factors:

- Restoration of state appropriations from FY 2007 of \$440,000.
- An increase of state appropriations over FY 2007's original appropriations by 2.7%.
- Tuition and fees, net of scholarship allowance, increased by 16.3%. The increase in scholarship is due to the increase use of Pell Grants toward tuition and fees.
- Increased Pell Grant usage and the Community Based Job Training Grant contributed to Federal grants and contracts decrease of 32.2%.
- State grants and contracts increased by 54.1% due to capital project funding.

## Operating Expenses

### Alpena Community College

Operating expense changes were the result of the following factors:

- Instructional costs rose 13% due to the similar rise in enrollments.
- Plant costs increased with the addition of the Fine Arts building.
- A change in health plans and a reduction in Michigan retirement contributions contributed significantly to the modest changes in the other expense categories.

## 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  
2007-2008  
(in thousands)

	College		Foundation	
	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/08</u>	<u>6/30/07</u>
Cash provided (used) by:				
Operating activities	\$ (6,148)	\$ (5,313)	\$ (618)	\$ (1,428)
Non-capital financing activities	7,959	8,647	610	343
Capital and related financing activities	(1,637)	(3,975)	0	0
Investing activities	<u>52</u>	<u>103</u>	<u>(134)</u>	<u>182</u>
Net increase (decrease) in cash	225	(539)	(142)	(903)
Cash, beginning of the year	<u>532</u>	<u>1,071</u>	<u>206</u>	<u>1,109</u>
Cash, end of the year	<u>\$ 757</u>	<u>\$ 532</u>	<u>\$ 64</u>	<u>\$ 206</u>

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 2008 decreased by nearly \$2,235,000 over FY 2007 primarily due to the completion of the *Pathways to the Future* project. The College sold assets for \$21,010. The College assumed no additional debt.

Alpena Community College Foundation

The Foundation's liquidity decreased primarily due to investment activities.

**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. One of the major capital acquisitions is the *Pathways to the Future* new building and renovation project. This project updated obsolete science labs and added new computer labs to a vacated space and added fine art labs and classrooms in a new building.

Capital Assets, Net, at Year-End  
2007-2008  
(in thousands)

	College		Foundation		Totals	
	6/30/08	6/30/07	6/30/08	6/30/07	6/30/08	6/30/07
Land	\$ 340	\$ 360	\$ 0	\$ 0	\$ 340	\$ 360
Land improvements	1,156	1,156	0	0	1,156	1,156
Buildings	25,674	24,577	0	0	25,674	24,577
Furniture, fixtures and equipment	3,966	3,794	0	0	3,966	3,794
Vehicles	358	308			358	308
Books	1,380	1,323	0	0	1,380	1,323
Totals	<u>\$ 32,874</u>	<u>\$ 31,518</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,874</u>	<u>\$ 31,518</u>

## **Debt**

At year-end, the College maintains a low debt profile. While the College has nearly \$22 million in total assets (see page 3), there is only \$2.04 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 six years and is anticipated to be down for at least one more year. The College appropriations in FY 2008 increased by 2.7% as well as the restoration of funding cuts in FY 2007 of \$445,892. The College's appropriations for FY 2009 are 1.7%. In the coming year, the College may face further Executive Orders or negative appropriations. Unstable energy costs may have a significant impact on the facilities costs this year. A millage renewal that took the millage from five years to ten years and restoration of the Headlee Amendment reductions will add to property tax revenues of about \$60,000 a year. 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 Concrete Technology and Utility Technology.
- Delay the hiring or restructure faculty and staff positions.
- Increased tuition and fees 5% 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.
- Have the College's Enrollment Management Committee, working within 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.

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	
	2008	2007	2008	2007
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 756,868	\$ 531,779	\$ 64,130	\$ 206,366
State appropriation receivable	915,418	362,331	-	-
Accounts receivable	1,716,993	1,455,111	-	-
Contributions receivable	-	-	205,001	273,688
Federal and state grants receivable	131,248	660,116	-	-
Student loans receivable	759	759	-	-
Inventories	538,047	415,338	-	-
Insurance funds on deposit	284,730	278,445	-	-
Due from (to) other funds	-	-	-	-
Other current assets	-	-	1,467	-
Total Current Assets	4,344,063	3,703,879	270,598	480,054
Restricted investments	-	-	3,382,076	3,476,662
Split interest agreements	-	-	618,860	703,685
Other investments	-	-	-	-
Property and equipment	17,499,614	17,289,305	-	-
<b>Total Assets</b>	<b>\$ 21,843,677</b>	<b>\$ 20,993,184</b>	<b>\$ 4,271,534</b>	<b>\$ 4,660,401</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ 225,000	\$ 212,808	\$ -	\$ -
Accounts payable	240,945	1,196,407	-	4,514
Accrued interest payable	23,981	25,850	-	-
Accrued payroll and related liabilities	772,855	726,926	-	-
Deposits	6,146	40,369	-	-
Unearned student tuition and fees	1,592,574	1,271,538	-	-
Total Current Liabilities	2,861,501	3,473,898	-	4,514
Long-term debt obligations	1,815,000	2,040,000	-	-
Accrued compensated absences	163,816	141,943	-	-
Total Liabilities	4,840,317	5,655,841	-	4,514
Net Assets				
Invested in capital assets, net of related debt	15,482,053	15,036,497	-	-
Restricted for:				
Nonexpendable endowments	4,997	9,921	1,602,738	1,360,385
Expendable scholarships and grants	52,542	17,456	618,860	1,708,116
Student loans	4,231	4,224	-	-
Capital projects, net of related debt	-	-	-	-
Debt service	206,950	70,313	-	-
Unrestricted:				
Unallocated	1,252,587	198,932	2,049,936	1,587,386
Total Net Assets	17,003,360	15,337,343	4,271,534	4,655,887
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,843,677</b>	<b>\$ 20,993,184</b>	<b>\$ 4,271,534</b>	<b>\$ 4,660,401</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	
	2008	2007	2008	2007
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$2,268,270 and \$1,090,290)	\$ 3,834,079	\$ 4,158,903	\$ -	\$ -
Federal grants and contracts	4,532,041	3,427,025	-	-
State grants and contracts	1,823,281	1,183,188	-	-
Local grants and fees	34,500	10,000	-	-
Auxiliary activities	1,621,119	1,519,761	-	-
Miscellaneous	85,502	164,583	20,105	17,789
Total Operating Revenue	<u>11,930,522</u>	<u>10,463,460</u>	<u>20,105</u>	<u>17,789</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	6,844,789	6,034,338	-	-
Public services	364,162	376,589	-	-
Instructional support	1,396,530	1,352,900	-	-
Student services	4,504,465	4,917,877	486,297	1,350,978
Institutional administration	2,007,324	2,032,033	145,840	92,832
Technology	820,376	657,720	-	-
Operation and maintenance of plant	1,653,720	809,229	-	-
Depreciation expense	1,145,067	1,207,435	-	-
Other expenditures	2,335	10,318	-	-
Total Operating Expenses	<u>18,738,768</u>	<u>17,398,439</u>	<u>632,137</u>	<u>1,443,810</u>
Operating Loss	<u>(6,808,246)</u>	<u>(6,934,979)</u>	<u>(612,032)</u>	<u>(1,426,021)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	5,561,634	4,370,300	-	-
Property tax levy	2,508,049	2,417,352	-	-
Investment income (loss)	51,563	102,117	(313,177)	720,222
Student loan interest	7	230	-	-
Interest on capital asset - related debt	(89,965)	(100,259)	-	-
Gifts and permanent endowments	441,965	1,353,481	540,856	172,331
Gain on sale of capital assets	1,010	(650,255)	-	-
Net Nonoperating Revenue (Expense)	<u>8,474,263</u>	<u>7,492,966</u>	<u>227,679</u>	<u>892,553</u>
Increase (Decrease) in Net Assets	1,666,017	557,987	(384,353)	(533,468)
<b>NET ASSETS - beginning of year,</b>	<u>15,337,343</u>	<u>14,779,356</u>	<u>4,655,887</u>	<u>5,189,355</u>
<b>NET ASSETS - end of year</b>	<u>\$ 17,003,360</u>	<u>\$ 15,337,343</u>	<u>\$ 4,271,534</u>	<u>\$ 4,655,887</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	
	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Tuition and fees	\$ 3,893,233	\$ 4,092,786	\$ -	\$ -
Grants and contracts	6,918,690	4,258,218	-	-
Payments to suppliers	(6,430,622)	(3,939,294)	(577,948)	(1,381,281)
Payments to employees	(12,235,829)	(11,412,866)	(60,170)	(64,470)
Collection of loans from students	-	3,561	-	-
Auxiliary enterprise charges	1,621,119	1,519,761	-	-
Other	85,502	164,583	20,105	17,789
Net cash provided (used) for operating activities	(6,147,907)	(5,313,251)	(618,013)	(1,427,962)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State appropriations	5,008,547	4,876,531	-	-
Property tax levy	2,508,049	2,417,352	-	-
Gifts and permanent endowments	441,965	1,353,481	609,536	342,986
Net cash provided (used) by noncapital financing activities	7,958,561	8,647,364	609,536	342,986
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(1,375,376)	(3,609,920)	-	-
Proceeds from sale of assets	21,010	93,218	-	-
Proceeds from issuance of debt	-	-	-	-
Principal paid on capital debt	(212,808)	(369,538)	-	-
Interest paid on capital debt	(91,834)	(101,851)	-	-
Change in compensated absences liability	21,873	12,927	-	-
Net cash provided (used) by capital and related financing activities	(1,637,135)	(3,975,164)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(8,760,912)	(1,695,651)
Proceeds from sales and maturities of investment	-	-	8,450,376	1,768,091
Investment income (loss)	51,563	102,117	176,777	109,210
Student loan interest	7	230	-	-
Net cash provided (used) by investing activities	51,570	102,347	(133,759)	181,650
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	225,089	(538,704)	(142,236)	(903,326)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	531,779	1,070,483	206,366	1,109,692
<b>CASH AND CASH EQUIVALENTS - end of the year</b>	\$ 756,868	\$ 531,779	\$ 64,130	\$ 206,366

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	
	2008	2007	2008	2007
<b>BALANCE SHEET CLASSIFICATIONS OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents	\$ 756,868	\$ 531,779	\$ 64,130	\$ 206,366
<b>RECONCILIATION OF NET OPERATING EXPENSES TO CASH USED FOR OPERATING ACTIVITIES:</b>				
Operating Income (loss)	\$ (6,808,246)	\$ (6,934,979)	\$ (612,032)	\$ (1,426,021)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation	1,145,067	1,207,435	-	-
(Increase) decrease in net assets:				
Accounts receivable	(261,882)	(180,588)	-	-
Federal and state grants receivable	528,868	(361,995)	-	-
Student loans receivable	-	3,561	-	-
Inventories	(122,709)	41,336	-	-
Insurance funds on deposit	(6,285)	(51,305)	-	-
Prepaid expenses	-	-	(1,467)	-
Increase (decrease) in liabilities:				
Accounts payable	(955,462)	764,425	(4,514)	(1,941)
Accrued payrolls and related liabilities	45,929	82,259	-	-
Deposits	(34,223)	2,129	-	-
Unearned student tuition and fees	321,036	114,471	-	-
	<u>\$ (6,147,907)</u>	<u>\$ (5,313,251)</u>	<u>\$ (618,013)</u>	<u>\$ (1,427,962)</u>

The accompanying notes are an integral part of this statement.

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

**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*.

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 \$15,000 at June 30, 2008.

**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 \$1,592,574 for unearned tuition and fees for future semesters existed at June 30, 2008.

**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	\$ 284,730
Unrestricted and unallocated	<u>967,857</u>
Total unrestricted net assets	<u>\$ 1,252,587</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.

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

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

	<u>Alpena Community College</u>	<u>A.C.C. Foundation</u>
Cash and cash equivalents	\$ 756,868	\$ 64,130
Restricted investments	<u>-</u>	<u>3,382,076</u>
Total unrestricted net assets	<u>\$ 756,868</u>	<u>\$ 3,446,206</u>

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

	<u>Alpena Community College</u>	<u>A.C.C. Foundation</u>
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 753,368	\$ 64,130
Investments in securities and similar vehicles	-	3,382,076
Petty cash and cash on hand	<u>3,500</u>	<u>-</u>
Total unrestricted net assets	<u>\$ 756,868</u>	<u>\$ 3,446,206</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, 2008, 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. As of June 30, 2008, \$1,285,093 of the College's bank balance of \$1,487,904 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, 2008 as follows:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2008</u>	Estimated Useful Life <u>(In Years)</u>
Capital Assets					
Land	\$ 359,600	\$ -	\$ 20,000	\$ 339,600	
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	24,577,460	1,096,745	-	25,674,205	40
Furniture, fixtures, and equipment	3,794,582	171,302	-	3,965,884	3-7
Vehicles	307,660	50,318	-	357,978	4
Books	<u>1,322,529</u>	<u>57,011</u>	-	<u>1,379,540</u>	10
Total capital assets	31,518,235	1,375,376	20,000	32,873,611	
Less accumulated depreciation					
Land improvements	1,014,297	38,705	-	1,053,002	15
Buildings and improvements	8,823,985	609,639	-	9,433,624	40
Furniture, fixtures, and equipment	3,033,702	447,077	-	3,480,779	3-7
Vehicles	274,798	32,623	-	307,421	4
Books	<u>1,082,148</u>	<u>17,023</u>	-	<u>1,099,171</u>	10
Total accumulated depreciation	<u>14,228,930</u>	<u>1,145,067</u>	-	<u>15,373,997</u>	
Capital assets, net	<u>\$ 17,289,305</u>			<u>\$ 17,499,614</u>	

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

**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.

**Funding Policy.** Employer contributions to the System result from the effects of implementing the School Finance Reform Act. 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 17.74 percent for the period from July 1, 2007 through September 30, 2007 and 16.72 percent from October 1, 2007 through June 30, 2008 of the covered payroll to the plan. The College's contributions to the MPERS plan for the years ended June 30, 2008, 2007 and 2006 were \$1,223,553, \$1,087,310, and \$1,054,755, respectively. Basic plan members make no contributions, but contribute to a Member Investment Plan (MIP) at rates ranging from 3.0 percent to 4.3% of gross wages. For the years ended June 30, 2008, 2007 and 2006 Alpena Community College members contributed \$193,394, \$196,985, and \$203,702, respectively.

**Post-employment benefits.** In addition to the pension benefits, the College provides post-employment health care benefits (reimbursement of premium co-payment) not covered by the Michigan Public School Employee's Retirement System (MPERS), for administrative personnel until they reach age 65, who otherwise are eligible under the MPERS. All other College employees receive post-employment health care coverage through the MPERS. Currently, 1 employee meets the eligibility requirements, as defined under the contractual agreement for reimbursement of premium co-payments. Expenditures for post-retirement health care benefits are recognized as retirees' premiums for health care are presented for payment. For the years ended June 30, 2008, 2007 and 2006 expenditures of \$913, \$812 and \$1,000, respectively were recognized for post-retirement health care.

**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, 2008. 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, 07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balances</u> <u>June 30, 08</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%	\$ 1,655,000	\$ -	\$ (135,000)	\$ 1,520,000	\$ 145,000
Installment Loan Dated: 12-01-2004 Matures: 05-01-2014 Interest 2.5% - 4.0%	595,000	-	(75,000)	520,000	80,000
Land Contract Dated: 01-01-1999 Matures: 01-01-2008 Interest 8.0%	<u>2,808</u>	<u>-</u>	<u>(2,808)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,252,808</u>	<u>\$ -</u>	<u>\$ (212,808)</u>	<u>\$ 2,040,808</u>	<u>\$ 225,000</u>

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2008 are as follows:

<u>For the year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Requirement</u>
2009	\$ 225,000	\$ 81,559	\$ 306,559
2010	235,000	73,856	308,856
2011	245,000	65,321	310,321
2012	255,000	56,160	311,160
2013	265,000	46,350	311,350
2014 – 2018	520,000	119,610	639,610
2019 – 2022	<u>295,000</u>	<u>35,318</u>	<u>330,318</u>
	<u>\$2,040,000</u>	<u>\$ 478,174</u>	<u>\$ 2,518,174</u>

Alpena Community College

**NOTES TO FINANCIAL STATEMENTS**

**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 September 14 for City of Alpena residents (representing approximately 27% of collections), with the remainder levied December 1 and payable by February 14. 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 Taxable Value for the 2007-08 school year in Alpena Community College was established at \$1,035,986,272. The College's operating tax rate was established at 2.4358 mills (1.4615 charter mills and .9743 additional mills voted as reduced under the Headlee Tax Amendment) 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**

**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, 2008 the stated value of the net assets of the Foundation totaled \$4,271,534. 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, 2008

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 399,911	\$ 9,547	\$ 1,400	\$ 463
State appropriation receivable	915,418	-	-	-
Accounts receivable	1,693,183	36	4,348	-
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	131,248
Student loans receivable	-	-	-	-
Inventories	-	15,733	522,314	-
Insurance funds on deposit	284,730	-	-	-
Other current assets	-	-	-	-
Due from (to) other funds	173,379	(68,374)	(408,069)	76,459
Total Current Assets	<u>3,466,621</u>	<u>(43,058)</u>	<u>119,993</u>	<u>208,170</u>
Restricted investments	-	-	-	-
Split interest agreements	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,466,621</u>	<u>\$ (43,058)</u>	<u>\$ 119,993</u>	<u>\$ 208,170</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	238,378	-	-	2,567
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	680,309	19,375	4,556	100,827
Deposits	4,225	-	-	-
Unearned student tuition and fees	1,594,225	(4,575)	-	2,924
Total Current Liabilities	<u>2,517,137</u>	<u>14,800</u>	<u>4,556</u>	<u>106,318</u>
Long-term debt obligations	-	-	-	-
Accrued compensated absenses	105,000	8,811	695	49,310
Total Liabilities	<u>2,622,137</u>	<u>23,611</u>	<u>5,251</u>	<u>155,628</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for				
Nonexpendable endowments	-	-	-	-
Expendable scholarships and grants	-	-	-	52,542
Student loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unrestricted				
Unallocated	844,484	(66,669)	114,742	-
Total Net Assets	<u>844,484</u>	<u>(66,669)</u>	<u>114,742</u>	<u>52,542</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,466,621</u>	<u>\$ (43,058)</u>	<u>\$ 119,993</u>	<u>\$ 208,170</u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ 3,472	\$ -	343,102	\$ (1,027)	\$ -	\$ 756,868	\$ 64,130
-	-	-	-	-	915,418	-
10,776	8,650	-	-	-	1,716,993	-
-	-	-	-	-	-	205,001
-	-	-	-	-	131,248	-
759	-	-	-	-	759	-
-	-	-	-	-	538,047	-
-	-	-	-	-	284,730	-
-	-	-	-	-	-	1,467
(10,776)	(3,653)	270,298	(29,264)	-	-	-
4,231	4,997	613,400	(30,291)	-	4,344,063	270,598
-	-	-	-	-	-	3,382,076
-	-	-	-	-	-	618,860
-	-	-	-	-	-	-
-	-	17,499,614	-	-	17,499,614	-
<u>\$ 4,231</u>	<u>\$ 4,997</u>	<u>\$ 18,113,014</u>	<u>\$ (30,291)</u>	<u>\$ -</u>	<u>\$ 21,843,677</u>	<u>\$ 4,271,534</u>
\$ -	\$ -	\$ 225,000	\$ -	\$ -	\$ 225,000	\$ -
-	-	-	-	-	240,945	-
-	-	23,981	-	-	23,981	-
-	-	-	(32,212)	-	772,855	-
-	-	-	1,921	-	6,146	-
-	-	-	-	-	1,592,574	-
-	-	248,981	(30,291)	-	2,861,501	-
-	-	1,815,000	-	-	1,815,000	-
-	-	-	-	-	163,816	-
-	-	2,063,981	(30,291)	-	4,840,317	-
-	-	15,482,053	-	-	15,482,053	-
-	4,997	-	-	-	4,997	1,602,738
-	-	-	-	-	52,542	618,860
4,231	-	-	-	-	4,231	-
-	-	-	-	-	-	-
-	-	206,950	-	-	206,950	-
-	-	360,030	-	-	1,252,587	2,049,936
4,231	4,997	16,049,033	-	-	17,003,360	4,271,534
<u>\$ 4,231</u>	<u>\$ 4,997</u>	<u>\$ 18,113,014</u>	<u>\$ (30,291)</u>	<u>\$ -</u>	<u>\$ 21,843,677</u>	<u>\$ 4,271,534</u>

ALPENA COMMUNITY COLLEGE

Combining Statement of Revenues, Expenditures and Changes in Net Assets

For the Year Ended June 30, 2008

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$2,268,270)	\$ 5,024,700	\$ 765,807	\$ 9,413	\$ 2,949
Federal grants and contracts	6,126	-	-	4,525,915
State grants and contracts	-	-	-	239,503
Local grants and fees	-	-	-	34,500
Auxiliary activities	-	299,518	1,321,601	-
Indirect cost recoveries	96,633	-	-	(96,633)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	47,165	33,060	-	(4,772)
Total Operating Revenue	<u>5,174,624</u>	<u>1,098,385</u>	<u>1,331,014</u>	<u>4,701,462</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	6,054,010	155,295	-	635,484
Public services	-	126,411	12,388	225,363
Instructional support	1,059,032	20,380	81,031	236,087
Student services	924,400	396,695	1,128,573	3,895,035
Institutional administration	1,893,626	102,281	-	-
Technology	644,880	166,966	8,530	-
Operation and maintenance of plant	1,549,395	104,025	11,076	-
Depreciation expense	-	-	-	-
Other expenditures	-	2,335	-	-
Total Operating Expenses	<u>12,125,343</u>	<u>1,074,388</u>	<u>1,241,598</u>	<u>4,991,969</u>
Operating Income (Loss)	<u>(6,950,719)</u>	<u>23,997</u>	<u>89,416</u>	<u>(290,507)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	5,481,134	-	-	80,500
Property tax levy	2,508,049	-	-	-
Investment income	40,771	461	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	60,170	3,192	4,229	58,444
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	<u>8,090,124</u>	<u>3,653</u>	<u>4,229</u>	<u>138,944</u>
Increase (Decrease) in Net Assets	1,139,405	27,650	93,645	(151,563)
Transfers In (Out)	<u>(659,559)</u>	<u>(33,337)</u>	<u>(85,108)</u>	<u>186,649</u>
Net Increase (Decrease) in Net Assets	479,846	(5,687)	8,537	35,086
<b>NET ASSETS - Beginning of Year</b>	<u>364,638</u>	<u>(60,982)</u>	<u>106,205</u>	<u>17,456</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 844,484</u>	<u>\$ (66,669)</u>	<u>\$ 114,742</u>	<u>\$ 52,542</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>
\$ -	\$ -	\$ 299,480	\$ -	\$ (2,268,270)	\$ 3,834,079	\$ -
-	-	-	-	-	4,532,041	-
-	400,678	1,183,100	-	-	1,823,281	-
-	-	-	-	-	34,500	-
-	-	-	-	-	1,621,119	-
-	-	-	-	-	-	-
-	-	1,375,376	-	(1,375,376)	-	-
-	(1,000)	11,049	-	-	85,502	20,105
-	<u>399,678</u>	<u>2,869,005</u>	-	<u>(3,643,646)</u>	<u>11,930,522</u>	<u>20,105</u>
-	-	-	-	-	6,844,789	-
-	-	-	-	-	364,162	-
-	-	-	-	-	1,396,530	-
-	428,032	-	-	(2,268,270)	4,504,465	486,297
-	-	11,417	-	-	2,007,324	145,840
-	-	-	-	-	820,376	-
-	-	1,364,600	-	(1,375,376)	1,653,720	-
-	-	1,145,067	-	-	1,145,067	-
-	-	-	-	-	2,335	-
-	<u>428,032</u>	<u>2,521,084</u>	-	<u>(3,643,646)</u>	<u>18,738,768</u>	<u>632,137</u>
-	<u>(28,354)</u>	<u>347,921</u>	-	-	<u>(6,808,246)</u>	<u>(612,032)</u>
-	-	-	-	-	5,561,634	-
-	-	-	-	-	2,508,049	-
-	-	10,331	-	-	51,563	(313,177)
7	-	-	-	-	7	-
-	-	(89,965)	-	-	(89,965)	-
-	23,430	292,500	-	-	441,965	540,856
-	-	1,010	-	-	1,010	-
<u>7</u>	<u>23,430</u>	<u>213,876</u>	-	-	<u>8,474,263</u>	<u>227,679</u>
7	(4,924)	561,797	-	-	1,666,017	(384,353)
-	-	591,355	-	-	-	-
7	(4,924)	1,153,152	-	-	1,666,017	(384,353)
<u>4,224</u>	<u>9,921</u>	<u>14,895,881</u>	-	-	<u>15,337,343</u>	<u>4,655,887</u>
<u>\$ 4,231</u>	<u>\$ 4,997</u>	<u>\$ 16,049,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,003,360</u>	<u>\$ 4,271,534</u>

ALPENA COMMUNITY COLLEGE

Combining Balance Sheet

June 30, 2007

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 185,521	\$ 9,085	\$ 1,400	\$ 463
State appropriation receivable	362,331	-	-	-
Accounts receivable	1,361,357	20,230	54,041	-
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	218,579
Student loans receivable	-	-	-	-
Inventories	-	15,733	399,605	-
Insurance funds on deposit	278,445	-	-	-
Due from (to) other funds	1,258,272	(88,950)	(336,854)	(90,349)
Total Current Assets	<u>3,445,926</u>	<u>(43,902)</u>	<u>118,192</u>	<u>128,693</u>
Restricted investments	-	-	-	-
Split interest agreements	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,445,926</u>	<u>\$ (43,902)</u>	<u>\$ 118,192</u>	<u>\$ 128,693</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,193,767	-	-	-
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	509,198	21,032	9,378	70,511
Deposits	4,225	-	-	-
Unearned student tuition and fees	1,275,948	(4,410)	-	-
Total Current Liabilities	<u>2,983,138</u>	<u>16,622</u>	<u>9,378</u>	<u>70,511</u>
Long-term debt obligations	-	-	-	-
Accrued compensated absenses	98,150	458	2,609	40,726
Total Liabilities	<u>3,081,288</u>	<u>17,080</u>	<u>11,987</u>	<u>111,237</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for				
Nonexpendable endowments	-	-	-	-
Expendable scholarships and grants	-	-	-	17,456
Student loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unrestricted				
Unallocated	364,638	(60,982)	106,205	-
Total Net Assets	<u>364,638</u>	<u>(60,982)</u>	<u>106,205</u>	<u>17,456</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,445,926</u>	<u>\$ (43,902)</u>	<u>\$ 118,192</u>	<u>\$ 128,693</u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ 3,465	\$ -	\$ 332,706	\$ (861)	\$ -	\$ 531,779	\$ 206,366
-	-	-	-	-	362,331	-
10,233	9,250	-	-	-	1,455,111	-
-	-	-	-	-	-	273,688
-	36,276	405,261	-	-	660,116	-
759	-	-	-	-	759	-
-	-	-	-	-	415,338	-
-	-	-	-	-	278,445	-
(7,590)	(35,605)	(852,736)	153,812	-	-	-
<u>6,867</u>	<u>9,921</u>	<u>(114,769)</u>	<u>152,951</u>	-	<u>3,703,879</u>	<u>480,054</u>
-	-	-	-	-	-	3,476,662
-	-	-	-	-	-	703,685
-	-	-	-	-	-	-
-	-	17,289,305	-	-	17,289,305	-
<u>\$ 6,867</u>	<u>\$ 9,921</u>	<u>\$ 17,174,536</u>	<u>\$ 152,951</u>	<u>\$ -</u>	<u>\$ 20,993,184</u>	<u>\$ 4,660,401</u>
\$ -	\$ -	\$ 212,808	\$ -	\$ -	\$ 212,808	\$ -
2,643	-	(3)	-	-	1,196,407	4,514
-	-	25,850	-	-	25,850	-
-	-	-	116,807	-	726,926	-
-	-	-	36,144	-	40,369	-
-	-	-	-	-	1,271,538	-
<u>2,643</u>	<u>-</u>	<u>238,655</u>	<u>152,951</u>	<u>-</u>	<u>3,473,898</u>	<u>4,514</u>
-	-	2,040,000	-	-	2,040,000	-
-	-	-	-	-	141,943	-
<u>2,643</u>	<u>-</u>	<u>2,278,655</u>	<u>152,951</u>	<u>-</u>	<u>5,655,841</u>	<u>4,514</u>
-	-	15,036,497	-	-	15,036,497	-
-	9,921	-	-	-	9,921	1,360,385
-	-	-	-	-	17,456	1,708,116
4,224	-	-	-	-	4,224	-
-	-	-	-	-	-	-
-	-	70,313	-	-	70,313	-
-	-	(210,929)	-	-	198,932	1,587,386
<u>4,224</u>	<u>9,921</u>	<u>14,895,881</u>	<u>-</u>	<u>-</u>	<u>15,337,343</u>	<u>4,655,887</u>
<u>\$ 6,867</u>	<u>\$ 9,921</u>	<u>\$ 17,174,536</u>	<u>\$ 152,951</u>	<u>\$ -</u>	<u>\$ 20,993,184</u>	<u>\$ 4,660,401</u>



## ALPENA COMMUNITY COLLEGE

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

For the Year Ended June 30, 2007

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
<b>REVENUE</b>				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$1,090,290)	\$ 4,319,304	\$ 645,520	\$ 16,910	\$ 4,645
Federal grants and contracts	4,423	-	-	3,422,602
State grants and contracts	-	-	-	259,937
Local grants and fees	-	-	-	10,000
Auxiliary activities	-	361,741	1,158,020	-
Indirect cost recoveries	49,096	-	-	(49,096)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	41,626	12,947	83,979	24,806
Total Operating Revenue	<u>4,414,449</u>	<u>1,020,208</u>	<u>1,258,909</u>	<u>3,672,894</u>
<b>EXPENSES</b>				
Operating Expenses				
Instruction	5,627,588	170,303	-	236,447
Public services	-	133,232	18,750	224,607
Instructional support	1,026,729	15,213	95,333	215,625
Student services	858,959	378,615	980,981	3,241,927
Institutional administration	1,840,551	114,461	-	-
Technology	548,646	26,934	82,140	-
Operation and maintenance of plant	1,406,949	100,890	7,249	-
Depreciation expense	-	-	-	-
Other expenditures	-	5,318	-	5,000
Total Operating Expenses	<u>11,309,422</u>	<u>944,966</u>	<u>1,184,453</u>	<u>3,923,606</u>
Operating Income (Loss)	<u>(6,894,973)</u>	<u>75,242</u>	<u>74,456</u>	<u>(250,712)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriations	4,291,700	-	-	78,600
Property tax levy	2,417,352	-	-	-
Investment income	58,401	-	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	64,435	23,795	5,192	86,475
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	<u>6,831,888</u>	<u>23,795</u>	<u>5,192</u>	<u>165,075</u>
Increase (Decrease) in Net Assets	(63,085)	99,037	79,648	(85,637)
Transfers In (Out)	<u>(342,623)</u>	<u>(8,629)</u>	<u>3,669</u>	<u>119,193</u>
Net Increase (Decrease) in Net Assets	(405,708)	90,408	83,317	33,556
<b>NET ASSETS - Beginning of Year</b>	<u>770,346</u>	<u>(151,390)</u>	<u>22,888</u>	<u>(16,100)</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 364,638</u>	<u>\$ (60,982)</u>	<u>\$ 106,205</u>	<u>\$ 17,456</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>
\$ -	\$ -	\$ 262,814	\$ -	\$ (1,090,290)	\$ 4,158,903	\$ -
-	-	-	-	-	3,427,025	-
-	517,990	405,261	-	-	1,183,188	-
-	-	-	-	-	10,000	-
-	-	-	-	-	1,519,761	-
-	-	-	-	-	-	-
-	-	3,609,920	-	(3,609,920)	-	-
-	-	1,225	-	-	164,583	17,789
-	517,990	4,279,220	-	(4,700,210)	10,463,460	17,789
-	-	-	-	-	6,034,338	-
-	-	-	-	-	376,589	-
-	-	-	-	-	1,352,900	-
3,561	544,124	-	-	(1,090,290)	4,917,877	1,350,978
-	-	77,021	-	-	2,032,033	92,832
-	-	-	-	-	657,720	-
-	-	2,904,061	-	(3,609,920)	809,229	-
-	-	1,207,435	-	-	1,207,435	-
-	-	-	-	-	10,318	-
3,561	544,124	4,188,517	-	(4,700,210)	17,398,439	1,443,810
(3,561)	(26,134)	90,703	-	-	(6,934,979)	(1,426,021)
-	-	-	-	-	4,370,300	-
-	-	-	-	-	2,417,352	-
-	-	43,716	-	-	102,117	720,222
230	-	-	-	-	230	-
-	-	(100,259)	-	-	(100,259)	-
-	18,512	1,155,072	-	-	1,353,481	172,331
-	(327,212)	(323,043)	-	-	(650,255)	-
230	(308,700)	775,486	-	-	7,492,966	892,553
(3,331)	(334,834)	866,189	-	-	557,987	(533,468)
-	-	228,390	-	-	-	-
(3,331)	(334,834)	1,094,579	-	-	557,987	(533,468)
7,555	344,755	13,801,302	-	-	14,779,356	5,189,355
\$ 4,224	\$ 9,921	\$ 14,895,881	\$ -	\$ -	\$ 15,337,343	\$ 4,655,887