

ALPENA COMMUNITY COLLEGE

Audited Financial Statements and
Other Supplementary Financial Information

Year Ended June 30, 2012

STRALEY, ILSLEY & LAMP P.C.

ALPENA COMMUNITY COLLEGE

COLLEGE OFFICIALS

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Certified Public Accountants

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TAX, AUDIT AND BUSINESS CONSULTANTS

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, 2012 and 2011 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, 2012 and 2011, 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 18, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information presented on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alpena Community College's financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Straley, Iisley & Lamp P.C.

September 18, 2012

Management Discussion and Analysis

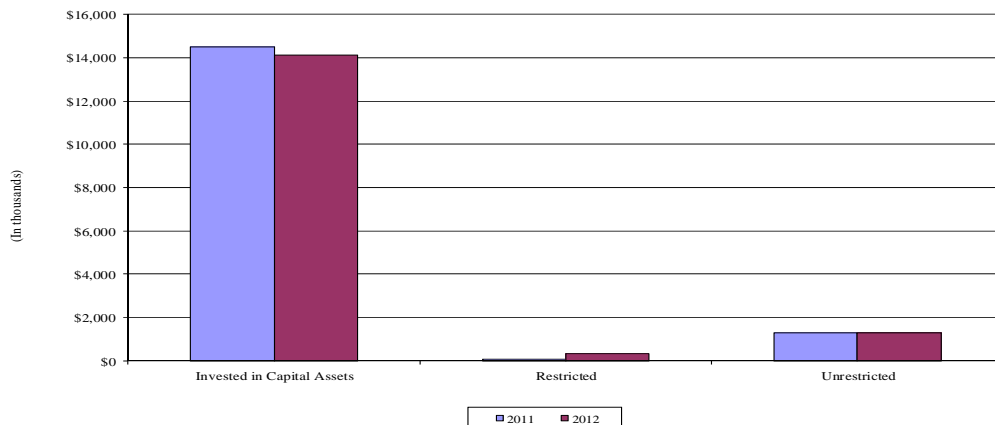
The following is management’s discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2012. This discussion, the financial statements and related footnotes have been prepared by and are the responsibility of management at Alpena Community College.

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 fell by 8.8% to 41,801.
- **The assets of Alpena Community College exceeded its liabilities at June 30, 2012, by \$15,728,725.**

NET ASSETS:
ALPENA COMMUNITY COLLEGE
2011-2012



- The College's net assets decreased by \$114,066, or 0.7%, due to lower enrollments, lower state appropriations and depreciation combined with no new building projects.
- Operating revenues accounted for only 61% of the total revenues of the College while non-operating revenues account for 39%. The College experienced an operating loss of \$7,939,394 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. Most of the operating loss was offset by State appropriations of \$4,984,301, local property tax of \$2,603,114 and other non-operating revenues of \$237,913, leaving a decrease of \$114,066. The College recorded \$290,053 in gifts and endowments this year, primarily from donations toward the new Electrical Power Technology Center project.

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 answer 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 comes to the College through 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.

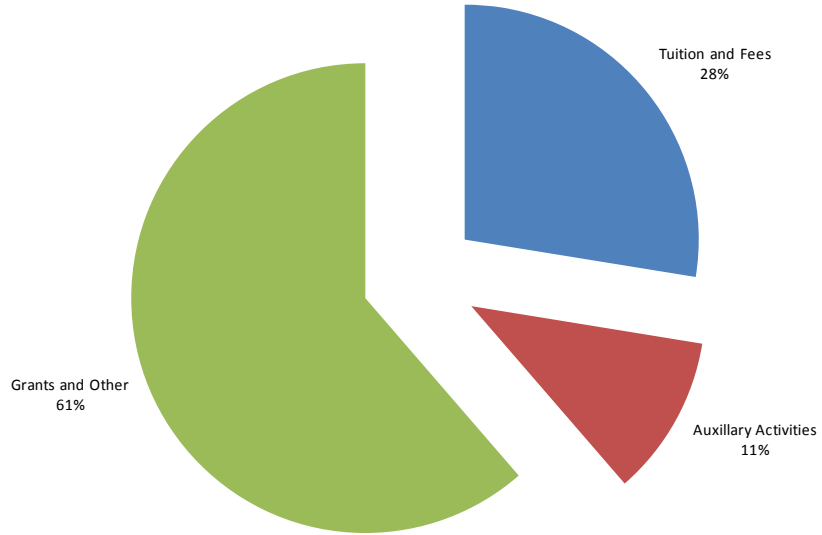
Net Assets, End of Year

(in thousands)

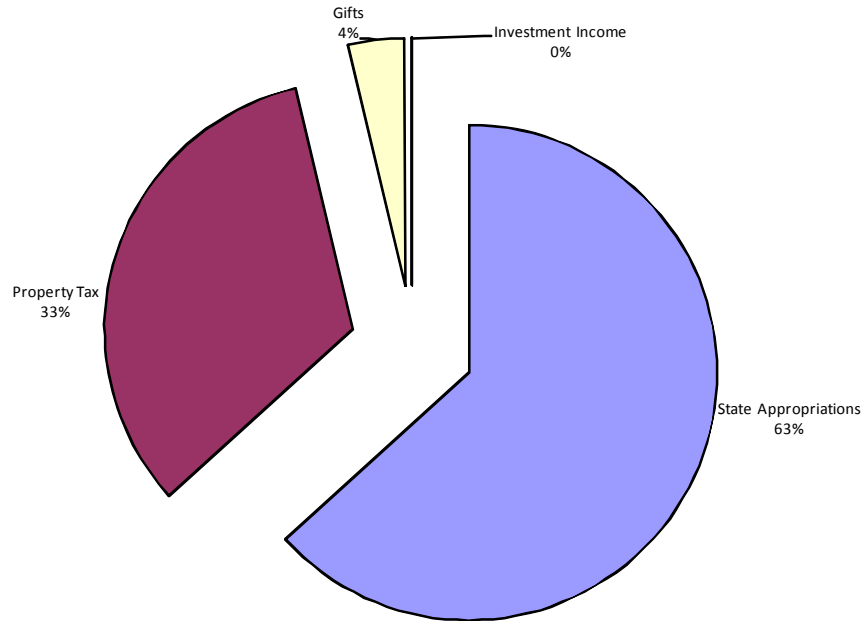
	Alpena Community College		Alpena Community College Foundation	
	6/30/12	6/30/11	6/30/12	6/30/11
Current Assets	\$ 5,025	\$ 5,457	\$ 1,161	\$ 1,092
Noncurrent Assets	15,201	15,839	3,846	4,033
Total Assets	20,226	21,296	5,007	5,125
Current Liabilities	3,522	4,222	2	1
Noncurrent Liabilities	975	1,231	0	0
Total Liabilities	4,497	5,453	2	1
Net Assets				
Invested in capital assets net of related debts	14,121	14,504	0	0
Restricted	323	56	3,452	3,451
Unrestricted	1,285	1,283	1,553	1,672
Total Net Assets	\$ 15,729	\$ 15,843	\$ 5,005	\$ 5,123
Increase (Decrease) Net Assets		(\$ 114)		(\$ 118)

Operating and non-operating revenues and operating expenses for the fiscal year ended June 30, 2012:

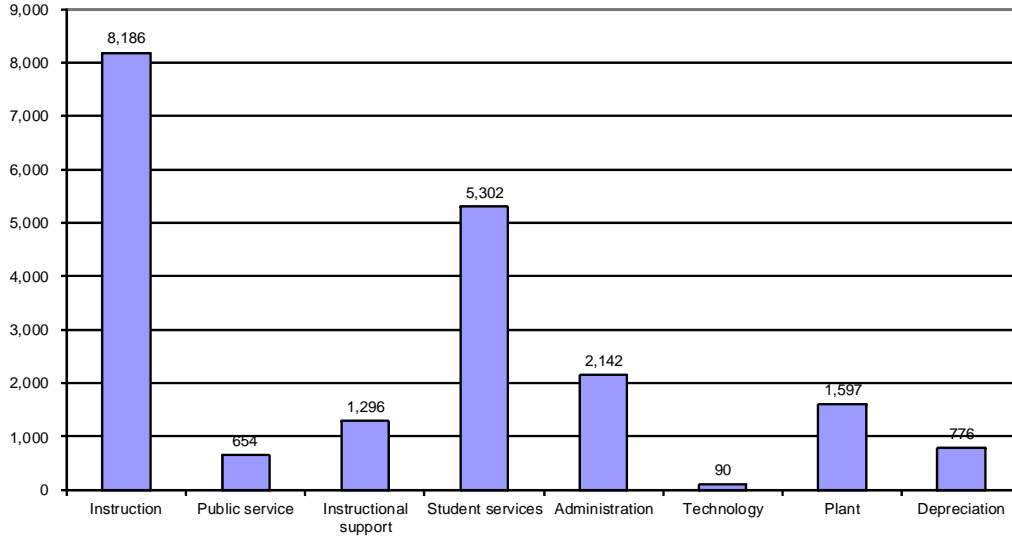
Alpena Community College Operating Revenues



Alpena Community College Non Operating Revenues



**Alpena Community College Operating Expense
2012
(in thousands)**



**Operating Results for the Year
2011-2012
(in thousands)**

	Alpena Community College		Alpena Community College Foundation	
	6/30/12	6/30/11	6/30/12	6/30/11
Operating Revenues				
Tuition and fees	\$ 3,335	\$ 2,959	\$ 0	\$ 0
Grants and contracts	7,378	6,902	0	0
Auxiliary Activities	1,339	1,531	0	0
Other	52	31	22	21
Total Operating Revenues	12,104	11,423	22	21
Operating Expenses	20,043	19,850	295	320
Net Operating Revenues(Expenses)	(7,939)	(8,427)	(273)	(299)
Non-operating Revenues				
State appropriations	4,984	5,215	0	0
Other non-operating revenues	2,841	2,947	154	863
Net Non-operating Revenues	7,825	8,162	154	863
Income before other revenues, expenses, gains or losses	(114)	(265)	(119)	564
Net Assets				
Net Assets - beginning of year	15,843	16,108	5,124	4,560
Net Assets - end of year	\$ 15,729	\$ 15,843	\$ 5,005	\$ 5,124

Operating Revenues

Alpena Community College

Operating revenue changes were the result of the following factors:

- State appropriations were reduced by 4.4%.
- Property tax revenue fell by 2.7% due primarily due to a drop in property valuation.
- Tuition and fees rose by \$110,507, while Pell grant awards used for tuition and fees decreased by \$265,818 causing a net increase in operational tuition and fees of 13%.
- Federal grants and contracts decrease of only 2.5% was due to the addition of a Department of Labor (DOL) grant, offsetting the effect of a decline in Pell Grants.
- Auxiliary activity declines are a result of lower enrollments and internet competition.

Operating Expenses

Alpena Community College

Operating expense changes were the result of the following factors:

- Instructional costs rose 5.3% due to contractual obligations and additional full-time faculty.
- Public services increased by 69% because of the addition of the DOL grant.
- Instructional support fell 13.8% due to the transfer of staff to a public service grant.
- Student services decreased by 4.2% from the decreased 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
2011-2012
(in thousands)

	College		Foundation	
	6/30/12	6/30/11	6/30/12	6/30/11
Cash provided (used) by:				
Operating activities	\$ (8,634)	\$(6,934)	\$ (273)	\$ (298)
Non-capital financing activities	7,903	8,160	232	356
Capital and related financing activities	(441)	(429)	0	0
Investing activities	1	65	132	(52)
Net increase (decrease) in cash	(1,171)	862	91	6
Cash, beginning of the year	1,580	718	1,051	1,045
Cash, end of the year	<u>\$ 409</u>	<u>\$1,580</u>	<u>\$ 1,142</u>	<u>\$ 1,051</u>

The College's liquidity decreased during the year by \$1,170,285. The following information is provided to help the reader better understand the cash flows presented above.

Alpena Community College

Accounts receivable, net of unearned tuition, increased by \$306,400, due to slower early enrollment payments as compared to last year. Accrued payroll decreased by \$382,929 due to an additional payroll processed in FY 2012. Funds deposited from a Kellogg Foundation grant to assist an Atlanta School District education plan were expended by \$464,486 from last year's deposit of \$726,573.

Alpena Community College Foundation

The Foundation's liquidity improved slightly from a higher collection of donations and lower long-term investments.

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
2011-2012
(in thousands)**

	<u>College</u>		<u>Foundation</u>		<u>Totals</u>	
	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/11</u>
Land	\$ 340	\$ 340	\$ 0	\$ 0	\$ 340	\$ 340
Land improvements	1,156	1,156	0	0	1,156	1,156
Buildings	25,630	25,618	0	0	25,630	25,618
Furniture, fixtures and equipment	3,964	3,939	0	0	3,964	3,939
Vehicles	345	347			345	347
Books	1,485	1,475	0	0	1,485	1,475
Totals	<u>\$ 32,920</u>	<u>\$ 32,875</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,920</u>	<u>\$ 32,875</u>

Debt

At year-end, the College maintains a low debt profile. While the College has nearly \$16 million in total net assets (see page 3), there is only \$1.08 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 eight years and is anticipated to show some slight improvement next year. The College's state appropriations were down 4.4% for FY 2012 over FY 2011. The College's FY 2013 state appropriations increased by 3.4%. In the coming year, the College may face Executive Orders or negative appropriations, but it is not anticipated. There is little growth anticipated over the next two years that would fuel additional increased local tax support and some reductions due to the slow housing market. The College experienced a 3.5% decline in Fall enrollment in FY 2013 because the population that supports the College's enrollment is aging, federal and state tuition assistance programs (i.e. No Worker Left Behind and CBJT grants) have dried up, 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.
- Increase 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 businesses, area high schools and communities.
- Closely look at the College's financial reserves and determine how best to manage 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.

FINANCIAL STATEMENTS

ALPENA COMMUNITY COLLEGE

Balance Sheet

	Alpena Community College		A.C.C. Foundation	
	June 30		June 30	
	2012	2011	2012	2011
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 409,305	\$ 1,579,590	\$ 1,142,477	\$ 1,050,766
State appropriations receivable	906,238	932,018	-	-
Accounts receivable	2,594,609	1,905,947	-	-
Contributions receivable	-	-	18,052	41,342
Federal and state grants receivable	36,776	84,172	-	-
Student loans receivable	137	755	-	-
Inventories	707,115	577,355	-	-
Insurance funds on deposit	370,785	377,580	-	-
Other current assets	-	-	-	-
Due from (to) other funds	-	-	-	-
Total Current Assets	<u>5,024,965</u>	<u>5,457,417</u>	<u>1,160,529</u>	<u>1,092,108</u>
Restricted investments	-	-	3,283,284	3,444,647
Split interest investments	-	-	562,962	587,854
Other investments	-	-	-	-
Property and equipment	<u>15,200,901</u>	<u>15,838,644</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 20,225,866</u>	<u>\$ 21,296,061</u>	<u>\$ 5,006,775</u>	<u>\$ 5,124,609</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of debt obligations	265,000	255,000	-	-
Accounts payable	429,966	408,599	1,513	953
Accrued interest payable	14,109	16,790	-	-
Accrued payroll and related liabilities	542,974	925,903	-	-
Deposits	8,586	736,266	-	-
Unearned student tuition and fees	2,261,358	1,879,096	-	-
Total Current Liabilities	<u>3,521,993</u>	<u>4,221,654</u>	<u>1,513</u>	<u>953</u>
Long-term debt obligations	815,000	1,080,000	-	-
Accrued compensated balances	160,148	151,616	-	-
Total Liabilities	<u>4,497,141</u>	<u>5,453,270</u>	<u>1,513</u>	<u>953</u>
Net Assets				
Invested in capital assets, net of related debt	14,120,901	14,503,644	-	-
Restricted for:				
Expendable scholarships and grants	314,716	48,308	3,187,996	3,276,425
Permanently restricted	-	-	264,183	174,893
Student loans	4,244	4,243	-	-
Capital projects, net of related debt	-	-	-	-
Debt Service	3,686	3,686	-	-
Unrestricted				
Unallocated	1,285,178	1,282,910	1,553,083	1,672,338
Total Net Assets	<u>15,728,725</u>	<u>15,842,791</u>	<u>5,005,262</u>	<u>5,123,656</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,225,866</u>	<u>\$ 21,296,061</u>	<u>\$ 5,006,775</u>	<u>\$ 5,124,609</u>

The accompanying notes are an integral part of this statement.

ALPENA COMMUNITY COLLEGE

Statement of Revenue, Expenses and Changes in Net Assets

	<u>Alpena Community College</u>		<u>A.C.C. Foundation</u>	
	<u>Year Ended June 30</u>		<u>Year Ended June 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
REVENUE				
Operating Revenue				
Tuition and fees (net of scholarship allowance of \$3,833,617 and \$4,099,435)	\$ 3,335,064	\$ 2,958,739	\$ -	\$ -
Federal grants and contracts	6,429,901	6,592,676	-	-
State grants and contracts	185,788	275,310	-	-
Local grants and fees	762,510	33,916	-	-
Auxiliary activities	1,339,008	1,531,385	-	-
Miscellaneous	51,495	30,884	22,156	20,576
Revenue	12,103,766	11,422,910	22,156	20,576
EXPENSES				
Operating expenses				
Instruction	8,185,445	7,769,934	-	-
Technology	90,103	203,403	-	-
Public services	653,946	386,477	-	-
Instructional support	1,296,313	1,505,077	-	-
Student services	5,302,066	5,534,352	202,659	220,886
Institutional administration	2,141,884	2,154,339	92,496	98,946
Operation and maintenance of plant	1,597,412	1,556,121	-	-
Depreciation	775,991	740,239	-	-
Total operating expenses	20,043,160	19,849,942	295,155	319,832
Operating income (loss)	(7,939,394)	(8,427,032)	(272,999)	(299,256)
NONOPERATING REVENUE (EXPENSES)				
State Appropriations	4,984,301	5,215,146	-	-
Property Tax	2,603,114	2,676,167	-	-
Investment income	1,577	64,640	(54,310)	548,675
Student loan interest	2	3	-	-
Interest on capital asset - related debt	(53,719)	(62,789)	-	-
Gifts and permanent endowments	290,053	268,694	208,915	314,402
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	7,825,328	8,161,861	154,605	863,077
Increase (Decrease) in Net Assets	(114,066)	(265,171)	(118,394)	563,821
NET ASSETS - beginning of year	<u>15,842,791</u>	<u>16,107,962</u>	<u>5,123,656</u>	<u>4,559,835</u>
NET ASSETS - end of year	<u>\$ 15,728,725</u>	<u>\$ 15,842,791</u>	<u>\$ 5,005,262</u>	<u>\$ 5,123,656</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	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	\$ 3,028,664	\$ 2,917,643	\$ -	\$ -
Grants and contracts	7,425,594	6,876,168	-	-
Payments to suppliers	(6,003,000)	(4,607,184)	(225,561)	(263,407)
Payments to employees	(14,476,375)	(13,682,923)	(69,035)	(55,546)
Collection of loans from students	618	3	-	-
Auxiliary enterprise charges	1,339,008	1,531,385	-	-
Other	51,495	30,884	22,156	20,576
Net cash provided (used) for operating activities	(8,633,996)	(6,934,024)	(272,440)	(298,377)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	5,010,081	5,215,146	-	-
Property tax levy	2,603,114	2,676,167	-	-
Gifts	290,053	268,694	232,205	356,432
Net cash provided (used) by noncapital financing activities	7,903,248	8,160,007	232,205	356,432
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(138,248)	(114,370)	-	-
Principal paid on capital debt	(255,000)	(245,000)	-	-
Interest paid on capital debt	(56,400)	(65,304)	-	-
Change in compensated absences liability	8,532	(4,789)	-	-
Net cash provided (used) by capital and related financing activities	(441,116)	(429,463)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(5,490,906)	(4,780,040)
Proceeds from sales and maturities of investment	-	-	5,550,234	4,629,287
Investment income (loss)	1,577	64,640	72,618	98,594
Student loan interest	2	3	-	-
Net cash provided (used) by investing activities	1,579	64,643	131,946	(52,159)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,170,285)	861,163	91,711	5,896
CASH AND CASH EQUIVALENTS - beginning of the year	1,579,590	718,427	1,050,766	1,044,870
CASH AND CASH EQUIVALENTS - end of the year	\$ 409,305	\$ 1,579,590	\$ 1,142,477	\$ 1,050,766

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	
	2012	2011	2012	2011
BALANCE SHEET CLASSIFICATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	<u>\$ 409,305</u>	<u>\$ 1,579,590</u>	<u>\$ 1,142,477</u>	<u>\$ 1,050,766</u>
RECONCILIATION OF NET OPERATING EXPENSES TO CASH USED FOR OPERATING ACTIVITIES:				
Operating Income (loss)	\$ (7,939,394)	\$ (8,427,032)	\$ (272,999)	\$ (299,256)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation	775,991	740,239	-	-
(Increase) decrease in net assets:				
Accounts receivable	(688,663)	(60,826)	-	-
Federal and state grants receivable	47,396	(25,734)	-	-
Student loans receivable	618	-	-	-
Inventories	(129,760)	(3,741)	-	-
Insurance funds on deposit	6,795	(68,339)	-	-
Increase (decrease) in liabilities:				
Accounts payable	21,368	248,420	559	877
Accrued payrolls and related liabilities	(382,930)	(85,899)	-	-
Deposits	(272,680)	729,158	-	-
Unearned student tuition and fees	382,263	19,730	-	-
	<u>\$ (8,178,996)</u>	<u>\$ (6,934,024)</u>	<u>\$ (272,440)</u>	<u>\$ (298,379)</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 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 12, 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 \$261,252 at June 30, 2012.

Student Loans Receivable. Student loans receivable are recorded net of allowance of uncollectible accounts of approximately \$26,243 at June 30, 2012.

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 \$2,261,359 for unearned tuition and fees for future semesters existed at June 30, 2012.

Compensated Absences. Compensated absences represent the accumulated liability to be paid under the College's current vacation pay policy. Under the College's policy, employees earn 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	\$ 370,785
Unrestricted and unallocated	<u>914,393</u>
Total unrestricted net assets	<u>\$ 1,285,178</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, 2011, 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	\$ 409,305	\$ 1,142,477
Restricted investments	<u>-</u>	<u>3,283,284</u>
Total deposits and investments	<u>\$ 409,305</u>	<u>\$ 4,425,761</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)	\$ 405,705	\$ 1,142,477
Investments in securities and similar vehicles	-	3,283,284
Petty cash and cash on hand	<u>3,600</u>	<u>-</u>
Total deposits and investments	<u>\$ 409,305</u>	<u>\$ 4,425,761</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, 2012, 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.

The Dodd-Frank Act provides unlimited FDIC insurance for noninterest-bearing transaction accounts in all banks through December 31, 2012. 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, 2012, \$152,297 of the College's bank balance of \$688,667 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, 2012 as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Estimated Useful Life (In Years)
Capital Assets					
Land	\$ 339,600	\$ -	\$ -	\$ 339,600	
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	25,617,919	11,542	-	25,629,461	40
Furniture, fixtures, and equipment	3,939,002	101,343	76,125	3,964,220	3-7
Vehicles	346,899	15,000	16,500	345,399	4
Books	<u>1,475,018</u>	<u>10,363</u>	-	<u>1,485,381</u>	10
Total capital assets	<u>32,874,842</u>	<u>138,248</u>	<u>92,625</u>	<u>32,920,465</u>	
Less accumulated depreciation					
Land improvements	1,125,752	9,755	-	1,135,507	15
Buildings and improvements	10,815,203	553,509	-	11,368,712	40
Furniture, fixtures, and equipment	3,565,670	143,509	76,125	3,633,054	3-7
Vehicles	305,146	22,356	16,500	311,002	4
Books	<u>1,224,427</u>	<u>46,862</u>	-	<u>1,271,289</u>	10
Total accumulated depreciation	<u>17,036,198</u>	<u>775,991</u>	<u>92,625</u>	<u>17,719,564</u>	
Capital assets, net	<u>\$ 15,838,644</u>			<u>\$ 15,200,901</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 Office of Retirement Services, P.O. Box 30171, Lansing, MI 48909-7671 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 24.46 percent for the period from October 1, 2011 through June 30, 2012 and 20.66 percent from October 1, 2010 through September 30, 2011 of the covered payroll to the plan. The College's contributions to the MPERS plan for the years ended June 30, 2012, 2011 and 2010 were \$1,822,147, \$1,435,486, and \$1,285,060, respectively. Basic plan members make no contributions. All others in the public school retirement system contribute to a Member Investment Plan (MIP) at rates ranging from 3.0% to 6.4% of gross wages. For the years ended June 30, 2012, 2011 and 2010 Alpena Community College members contributed \$509,894, \$451,737, and \$251,389, respectively. The College's contributions to the Optional Retirement Plan (ORP) were \$170,770 (12%) with members making matching contributions of \$56,924 (4%) for the year ended June 30, 2012.

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, 2012. These compensated absences include vacation leave 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, 11</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balances</u> <u>June 30, 12</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%	\$ 1,060,000	\$ -	\$ (165,000)	\$ 895,000	\$ 175,000
Installment Loan Dated: 12-01-2004 Matures: 05-01-2014 Interest 2.5% - 4.0%	<u>275,000</u>	<u>-</u>	<u>(90,000)</u>	<u>185,000</u>	<u>90,000</u>
	<u>\$ 1,335,000</u>	<u>\$ -</u>	<u>\$ (255,000)</u>	<u>\$ 1,080,000</u>	<u>\$ 265,000</u>

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2012 are as follows:

<u>For the year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Requirement</u>
2013	\$ 265,000	\$ 46,350	\$ 311,350
2014	275,000	35,862	310,862
2015	55,000	24,683	79,683
2016	60,000	22,372	82,372
2017	65,000	19,793	84,793
2018-2022	<u>360,000</u>	<u>52,218</u>	<u>412,218</u>
	<u>\$1,080,000</u>	<u>\$ 201,278</u>	<u>\$ 1,281,278</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 July 31 for City of Alpena residents (representing approximately 22.2% 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 2011-2012 school year in Alpena Community College was established at \$1,047,500,303. The College's total tax rate was established at 2.500 mills (1.4615 charter mills and 1.0385 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

NOTE 11. SUBSEQUENT EVENTS.

Management has evaluated subsequent events through September 18, 2012, the date on which the financial statements were available to be issued.

NOTE 12. 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, 2012 the stated value of the net assets of the Foundation totaled \$5,005,262. 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, 2012

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 63,611	\$ -	\$ 1,400	\$ 575
State appropriations receivable	906,238	-	-	-
Accounts receivable	2,393,197	-	220	92,630
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	36,776
Student loans receivable	-	-	-	-
Inventories	-	-	707,115	-
Insurance funds on deposit	370,785	-	-	-
Other current assets	-	-	-	-
Due from (to) other funds	693,433	25,565	(623,014)	255,314
Total Current Assets	<u>4,427,264</u>	<u>25,565</u>	<u>85,721</u>	<u>385,295</u>
Restricted investments	-	-	-	-
Split interest investments	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
TOTAL ASSETS	<u>\$ 4,427,264</u>	<u>\$ 25,565</u>	<u>\$ 85,721</u>	<u>\$ 385,295</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	411,604	-	-	18,362
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	641,172	7,120	4,386	63,310
Deposits	-	-	-	-
Unearned student tuition and fees	2,259,008	-	2,350	-
Total Current Liabilities	<u>3,311,784</u>	<u>7,120</u>	<u>6,736</u>	<u>81,672</u>
Long-term debt obligations	-	-	-	-
Accrued compensated balances	112,661	12,127	1,472	33,888
Total Liabilities	<u>3,424,445</u>	<u>19,247</u>	<u>8,208</u>	<u>115,560</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for:				
Expendable scholarships and grants	-	-	-	269,735
Permanently restricted	-	-	-	-
Student loans	-	-	-	-
Capital projects, net of related debt	-	-	-	-
Debt Service	-	-	-	-
Unrestricted				
Unallocated	1,002,819	6,318	77,513	-
Total Net Assets	<u>1,002,819</u>	<u>6,318</u>	<u>77,513</u>	<u>269,735</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,427,264</u>	<u>\$ 25,565</u>	<u>\$ 85,721</u>	<u>\$ 385,295</u>

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations Fund	Combined Primary Fund	A.C.C. Foundation Fund
\$ 4,107	\$ -	\$ 339,612	\$ -	\$ -	\$ 409,305	\$ 1,142,477
-	-	-	-	-	906,238	-
108,562	-	-	-	-	2,594,609	-
-	-	-	-	-	-	18,052
-	-	-	-	-	36,776	-
137	-	-	-	-	137	-
-	-	-	-	-	707,115	-
-	-	-	-	-	370,785	-
-	-	-	-	-	-	-
(108,562)	44,981	(123,289)	(164,428)	-	-	-
<u>4,244</u>	<u>44,981</u>	<u>216,323</u>	<u>(164,428)</u>	<u>-</u>	<u>5,024,965</u>	<u>1,160,529</u>
-	-	-	-	-	-	3,283,284
-	-	-	-	-	-	562,962
-	-	-	-	-	-	-
-	-	15,200,901	-	-	15,200,901	-
<u>\$ 4,244</u>	<u>\$ 44,981</u>	<u>\$ 15,417,224</u>	<u>\$ (164,428)</u>	<u>\$ -</u>	<u>\$ 20,225,866</u>	<u>\$ 5,006,775</u>
\$ -	\$ -	\$ 265,000	\$ -	\$ -	\$ 265,000	\$ -
-	-	-	-	-	429,966	1,513
-	-	14,109	-	-	14,109	-
-	-	-	(173,014)	-	542,974	-
-	-	-	8,586	-	8,586	-
-	-	-	-	-	2,261,358	-
-	-	279,109	(164,428)	-	3,521,993	1,513
-	-	815,000	-	-	815,000	-
-	-	-	-	-	160,148	-
-	-	1,094,109	(164,428)	-	4,497,141	1,513
-	-	14,120,901	-	-	14,120,901	-
-	44,981	-	-	-	314,716	3,187,996
-	-	-	-	-	-	264,183
4,244	-	-	-	-	4,244	-
-	-	-	-	-	-	-
-	-	3,686	-	-	3,686	-
-	-	198,528	-	-	1,285,178	1,553,083
<u>4,244</u>	<u>44,981</u>	<u>14,323,115</u>	<u>-</u>	<u>-</u>	<u>15,728,725</u>	<u>5,005,262</u>
<u>\$ 4,244</u>	<u>\$ 44,981</u>	<u>\$ 15,417,224</u>	<u>\$ (164,428)</u>	<u>\$ -</u>	<u>\$ 20,225,866</u>	<u>\$ 5,006,775</u>

ALPENA COMMUNITY COLLEGE

Combining Statement of Revenues, Expenditures and Changes in Net Assets

For the Year Ended June 30, 2012

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
REVENUE				
Operating Revenue				
Tuition/Fees	\$ 6,292,213	\$ 582,295	\$ 1,500	\$ -
Federal grants and contracts	7,649	-	-	6,422,252
State grants and contracts	-	-	-	172,671
Local grants and fees	-	-	-	762,510
Auxiliary activities	-	77,518	1,261,490	-
Indirect cost recovery	111,378	-	-	(111,378)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	41,309	3,185	-	-
Total Operating Revenue	<u>6,452,549</u>	<u>662,998</u>	<u>1,262,990</u>	<u>7,246,055</u>
EXPENSES				
Operating Expenses				
Instruction	8,022,300	54,802	-	108,343
Technology	-	84,638	5,465	-
Public services	-	75,621	78,440	499,885
Instructional support	1,206,901	39,115	-	50,297
Student services	1,051,681	431,411	1,154,529	6,380,836
Institutional administration	2,124,547	17,337	-	-
Operation and maintenance of plant	1,556,831	3,585	12,864	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>13,962,260</u>	<u>706,509</u>	<u>1,251,298</u>	<u>7,039,361</u>
Operating Income (Loss)	<u>(7,509,711)</u>	<u>(43,511)</u>	<u>11,692</u>	<u>206,694</u>
NONOPERATING REVENUE (EXPENSES)				
State Appropriations	4,984,301	-	-	-
Property Tax	2,603,114	-	-	-
Investment income	483	-	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	69,035	1,189	6,855	20,396
Net Nonoperating Revenue (Expense)	<u>7,656,933</u>	<u>1,189</u>	<u>6,855</u>	<u>20,396</u>
Increase (Decrease) in Net Assets	147,222	(42,322)	18,547	227,090
Transfers In (Out)	<u>(131,018)</u>	<u>45,849</u>	<u>(27,392)</u>	<u>27,057</u>
Net Increase (Decrease) in Net Assets	16,204	3,527	(8,845)	254,147
NET ASSETS - beginning of year	<u>986,615</u>	<u>2,791</u>	<u>86,358</u>	<u>15,588</u>
NET ASSETS - end of year	<u>\$ 1,002,819</u>	<u>\$ 6,318</u>	<u>\$ 77,513</u>	<u>\$ 269,735</u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ -	\$ -	\$ 292,673	\$ -	\$ (3,833,617)	\$ 3,335,064	\$ -
-	-	-	-	-	6,429,901	-
-	13,117	-	-	-	185,788	-
-	-	-	-	-	762,510	-
-	-	-	-	-	1,339,008	-
-	-	-	-	-	-	-
-	-	138,248	-	(138,248)	-	-
-	-	7,001	-	-	51,495	22,156
-	13,117	437,922	-	(3,971,865)	12,103,766	22,156
-	-	-	-	-	8,185,445	-
-	-	-	-	-	90,103	-
-	-	-	-	-	653,946	-
-	-	-	-	-	1,296,313	-
1	117,225	-	-	(3,833,617)	5,302,066	202,659
-	-	-	-	-	2,141,884	92,496
-	-	162,380	-	(138,248)	1,597,412	-
-	-	775,991	-	-	775,991	-
1	117,225	938,371	-	(3,971,865)	20,043,160	295,155
(1)	(104,108)	(500,449)	-	-	(7,939,394)	(272,999)
-	-	-	-	-	4,984,301	-
-	-	-	-	-	2,603,114	-
-	-	1,094	-	-	1,577	(54,310)
2	-	-	-	-	2	-
-	-	(53,719)	-	-	(53,719)	-
-	101,828	90,750	-	-	290,053	208,915
2	101,828	38,125	-	-	7,825,328	154,605
1	(2,280)	(462,324)	-	-	(114,066)	(118,394)
-	14,541	70,963	-	-	-	-
1	12,261	(391,361)	-	-	(114,066)	(118,394)
4,243	32,720	14,714,476	-	-	15,842,791	5,123,656
\$ 4,244	\$ 44,981	\$ 14,323,115	\$ -	\$ -	\$ 15,728,725	\$ 5,005,262

ALPENA COMMUNITY COLLEGE

Combining Balance Sheet

June 30, 2011

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,235,610	\$ -	\$ 1,400	\$ 574
State appropriations receivable	932,018	-	-	-
Accounts receivable	1,870,095	-	25,447	2,775
Contributions receivable	-	-	-	-
Federal and state grants receivable	-	-	-	84,172
Student loans receivable	-	-	-	-
Inventories	-	-	577,355	-
Insurance funds on deposit	377,580	-	-	-
Other current assets	-	-	-	-
Due from (to) other funds	(205,227)	22,490	(506,480)	55,384
Total Current Assets	<u>4,210,076</u>	<u>22,490</u>	<u>97,722</u>	<u>142,905</u>
Restricted investments	-	-	-	-
Split interest investments	-	-	-	-
Other investments	-	-	-	-
Property and equipment	-	-	-	-
TOTAL ASSETS	<u>\$ 4,210,076</u>	<u>\$ 22,490</u>	<u>\$ 97,722</u>	<u>\$ 142,905</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of debt obligations	\$ -	\$ -	\$ -	\$ -
Accounts payable	408,599	-	-	-
Accrued interest payable	-	-	-	-
Accrued payroll and related liabilities	842,546	8,807	5,883	85,294
Deposits	-	-	-	-
Unearned student tuition and fees	1,863,879	-	2,915	12,302
Total Current Liabilities	<u>3,115,024</u>	<u>8,807</u>	<u>8,798</u>	<u>97,596</u>
Long-term debt obligations	-	-	-	-
Accrued compensated balances	108,437	10,892	2,566	29,721
Total Liabilities	<u>3,223,461</u>	<u>19,699</u>	<u>11,364</u>	<u>127,317</u>
Net Assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for:				
Expendable scholarships and grants	-	-	-	15,588
Permanently restricted	-	-	-	-
Student loans	-	-	-	-
Capital projects, net of related debt	-	-	-	-
Debt Service	-	-	-	-
Unrestricted				
Unallocated	986,615	2,791	86,358	-
Total Net Assets	<u>986,615</u>	<u>2,791</u>	<u>86,358</u>	<u>15,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,210,076</u>	<u>\$ 22,490</u>	<u>\$ 97,722</u>	<u>\$ 142,905</u>

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Fund	A.C.C. Foundation Fund
\$ 3,488	\$ -	\$ 338,518	\$ -	\$ -	\$ 1,579,590	\$ 1,050,766
-	-	-	-	-	932,018	-
7,630	-	-	-	-	1,905,947	-
-	-	-	-	-	-	41,342
-	-	-	-	-	84,172	-
755	-	-	-	-	755	-
-	-	-	-	-	577,355	-
-	-	-	-	-	377,580	-
-	-	-	-	-	-	-
(7,630)	32,720	(110,896)	719,639	-	-	-
<u>4,243</u>	<u>32,720</u>	<u>227,622</u>	<u>719,639</u>	-	<u>5,457,417</u>	<u>1,092,108</u>
-	-	-	-	-	-	3,444,647
-	-	-	-	-	-	587,854
-	-	-	-	-	-	-
-	-	15,838,644	-	-	15,838,644	-
<u>\$ 4,243</u>	<u>\$ 32,720</u>	<u>\$ 16,066,266</u>	<u>\$ 719,639</u>	<u>\$ -</u>	<u>\$ 21,296,061</u>	<u>\$ 5,124,609</u>
\$ -	\$ -	\$ 255,000	\$ -	\$ -	\$ 255,000	\$ -
-	-	-	-	-	408,599	953
-	-	16,790	-	-	16,790	-
-	-	-	(16,627)	-	925,903	-
-	-	-	736,266	-	736,266	-
-	-	-	-	-	1,879,096	-
-	-	271,790	719,639	-	4,221,654	953
-	-	1,080,000	-	-	1,080,000	-
-	-	-	-	-	151,616	-
-	-	1,351,790	719,639	-	5,453,270	953
-	-	14,503,644	-	-	14,503,644	-
-	32,720	-	-	-	48,308	3,276,425
-	-	-	-	-	-	174,893
4,243	-	-	-	-	4,243	-
-	-	-	-	-	-	-
-	-	3,686	-	-	3,686	-
-	-	207,146	-	-	1,282,910	1,672,338
<u>4,243</u>	<u>32,720</u>	<u>14,714,476</u>	<u>-</u>	<u>-</u>	<u>15,842,791</u>	<u>5,123,656</u>
<u>\$ 4,243</u>	<u>\$ 32,720</u>	<u>\$ 16,066,266</u>	<u>\$ 719,639</u>	<u>\$ -</u>	<u>\$ 21,296,061</u>	<u>\$ 5,124,609</u>

ALPENA COMMUNITY COLLEGE

Combining Statement of Revenues, Expenditures and Changes in Net Assets

For the Year Ended June 30, 2011

	General Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund
REVENUE				
Operating Revenue				
Tuition/Fees	\$ 6,126,551	\$ 602,649	\$ 10,500	\$ -
Federal grants and contracts	8,196	-	-	6,584,480
State grants and contracts	-	-	-	251,862
Local grants and fees	-	-	-	33,916
Auxiliary activities	-	82,000	1,449,385	-
Indirect cost recovery	69,411	-	-	(69,411)
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	16,587	2,986	-	942
Total Operating Revenue	<u>6,220,745</u>	<u>687,635</u>	<u>1,459,885</u>	<u>6,801,789</u>
EXPENSES				
Operating Expenses				
Instruction	7,631,068	55,070	-	83,796
Technology	-	197,552	5,851	-
Public services	-	104,942	109,587	171,948
Instructional support	1,299,564	43,760	-	161,753
Student services	1,146,077	407,415	1,260,057	6,688,137
Institutional administration	2,119,597	33,992	-	-
Operation and maintenance of plant	1,607,371	(1,530)	17,695	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>13,803,677</u>	<u>841,201</u>	<u>1,393,190</u>	<u>7,105,634</u>
Operating Income (Loss)	<u>(7,582,932)</u>	<u>(153,566)</u>	<u>66,695</u>	<u>(303,845)</u>
NONOPERATING REVENUE (EXPENSES)				
State Appropriations	5,133,046	-	-	82,100
Property Tax	2,676,167	-	-	-
Investment income	62,145	20	-	-
Student loan interest	-	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	74,423	7,007	6,713	21,153
Net Nonoperating Revenue (Expense)	<u>7,945,781</u>	<u>7,027</u>	<u>6,713</u>	<u>103,253</u>
Increase (Decrease) in Net Assets	362,849	(146,539)	73,408	(200,592)
Transfers In (Out)	<u>(314,951)</u>	<u>149,330</u>	<u>(72,261)</u>	<u>180,473</u>
Net Increase (Decrease) in Net Assets	47,898	2,791	1,147	(20,119)
NET ASSETS - beginning of year	<u>938,717</u>	<u>-</u>	<u>85,211</u>	<u>35,707</u>
NET ASSETS - end of year	<u>\$ 986,615</u>	<u>\$ 2,791</u>	<u>\$ 86,358</u>	<u>\$ 15,588</u>

Student Loan Fund	Endowment Fund	Plant Funds	Agency Fund	Eliminations	Combined Primary Government	A.C.C. Foundation Component Unit
\$ -	\$ -	\$ 318,474	\$ -	\$ (4,099,435)	\$ 2,958,739	\$ -
-	-	-	-	-	6,592,676	-
-	23,448	-	-	-	275,310	-
-	-	-	-	-	33,916	-
-	-	-	-	-	1,531,385	-
-	-	-	-	-	-	-
-	-	114,370	-	(114,370)	-	-
-	-	10,369	-	-	30,884	20,576
-	23,448	443,213	-	(4,213,805)	11,422,910	20,576
-	-	-	-	-	7,769,934	-
-	-	-	-	-	203,403	-
-	-	-	-	-	386,477	-
-	-	-	-	-	1,505,077	-
-	132,101	-	-	(4,099,435)	5,534,352	220,886
-	-	-	750	-	2,154,339	98,946
-	-	46,955	-	(114,370)	1,556,121	-
-	-	740,239	-	-	740,239	-
-	132,101	787,194	750	(4,213,805)	19,849,942	319,832
-	(108,653)	(343,981)	(750)	-	(8,427,032)	(299,256)
-	-	-	-	-	5,215,146	-
-	-	-	-	-	2,676,167	-
-	-	2,475	-	-	64,640	548,675
3	-	-	-	-	3	-
-	-	(62,789)	-	-	(62,789)	-
-	113,356	46,042	-	-	268,694	314,402
3	113,356	(14,272)	-	-	8,161,861	863,077
3	4,703	(358,253)	(750)	-	(265,171)	563,821
-	16,720	39,939	750	-	-	-
3	21,423	(318,314)	-	-	(265,171)	563,821
4,240	11,297	15,032,790	-	-	16,107,962	4,559,835
\$ 4,243	\$ 32,720	\$ 14,714,476	\$ -	\$ -	\$ 15,842,791	\$ 5,123,656