ALPENA COMMUNITY COLLEGE

Audited Financial Statements
Years Ended June 30, 2021 and 2020

STRALEY LAMP & KRAENZLEIN P.C.

Alpena Community College

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Contents

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Independent Auditor's Report

To the Board of Trustees
Alpena Community College
Alpena, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Alpena Community College, Alpena, Michigan, (the "College"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Alpena Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. The financial statements of Alpena Community College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Alpena Community College as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB schedules, as identified in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Alpena Community College's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2021 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 effectiveness of Alpena Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Alpena Community College's internal control over financial reporting and compliance.

Straley Lamp & Kraenzlein P.C.

October 14, 2021

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The following is management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2021. This discussion, the financial statements and related footnotes have been prepared by and are the responsibility of management at Alpena Community College, (the "College").

Using This Annual Report

This report consists of three basic financial statements: statement of net position; statement of revenues, expenses, and changes in net position; and 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 – the "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.

In compliance with this statement, the Foundation is reported as a component unit of the College and its financial position and financial activities are presented separately from the rest of the College's activities in the statements of net position and statements of revenue, expenses and changes in net position, in separate columns.

Financial Highlights

- GASB Statements No. 68 and No. 75 require that the College incorporate into its financial statements the net unfunded pension liability and other postemployment benefits (OPEB) for retirement funds managed by the State of Michigan. The reported unfunded Michigan Public Schools Employee Retirement System (MPSERS) pension liability for non-university employees is approximately $34.4 billion and the reported unfunded OPEB liability is approximately $5.4 billion. The College's allocated pension portion is $26,759,219, or 0.07789919% of the total and the unfunded OPEB portion is $4,101,234, or 0.07655460%. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued in June of 2012, requires the College to recognize its unfunded pension benefit obligation. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, requires the College to recognize its unfunded OPEB obligation. The State's retirement system provides the apportioned amount of the overall obligation to the College and we then report it. The GASB Statement No. 68 reporting requirement begins with the financial statements for the year ending June 30, 2015 and GASB Statement No. 75 for the year ending June 30, 2018. GASB Statements No. 68 and No.75 do not change who the College is, how we do business, or how well we are doing. The College will still be able to determine how each fund is performing. The management discussion and analysis (MD&A) and the footnotes should provide enough information to enlighten the reader. Informed readers will be able to understand that the insertion of the unfunded pension and OPEB liabilities in no way detracts from the College's ability to meet its financial obligations.

The reasons we are dealing with GASB Statement No. 68 and GASB statement No. 75 are as follows:

- Defined benefit pension plans are extremely complex in the calculation of net liabilities.
- To recognize the existing unfunded liability for current and past employees' defined benefit pension plan.
- The State determined that each entity participating in MPSERS will be allocated a portion of the overall unfunded liability.
- This process deals with both the retirement component and the healthcare component of MPSERS.

What GASB Statement No. 68 and GASB Statement No. 75 means to the College are as follows:

- No tangible change to the College's finances.
- Other calculations include looking at deferred outflows and inflows of resources.
- Each year the balances will be adjusted for changes in assumptions, proportions and differences between employer and proportionate share of contributions.
- The yearly adjustment could result in increases or decreases in expenses.
- The College established a separate fund to account for the net pension and OPEB liability, deferred liability and the recording of expenses.
- College's auditors, Straley Lamp & Kraenzlein, PC, evaluates entries as part of the audit process.
- A note to financial statements looks at all the implications of GASB Statement No. 68 and GASB Statement No. 75 as they relate to MPSERS as well as future considerations of the liability.
- The note includes explanations, plan descriptions, benefits provided by various changes enacted by legislation, assumptions, and other definitions.
- The auditors will only be able to provide an opinion on the College's financial statements once the State has issued an opinion on its allocation of the net liabilities.
- No requirement for restating previous years of financials.
- Ten years of progress of pension and OPEB funding and contributions will be included in the *Required Supplementary Information* starting with FY 2015 and FY 2018 for pension and OPEB, respectively.
- The College cannot contribute directly to the State to reduce the liabilities.

- The liabilities and deferred inflows of resources of Alpena Community College exceeded its assets and deferred outflows of resources at June 30, 2021 by $2,223,487. The inclusion of the unfunded pension and OPEB liabilities created this deficit.

- Student credit hour enrollment for the year decreased by 3.61% to 28,397.

- In-district students generate approximately 42.9% of credit hours.

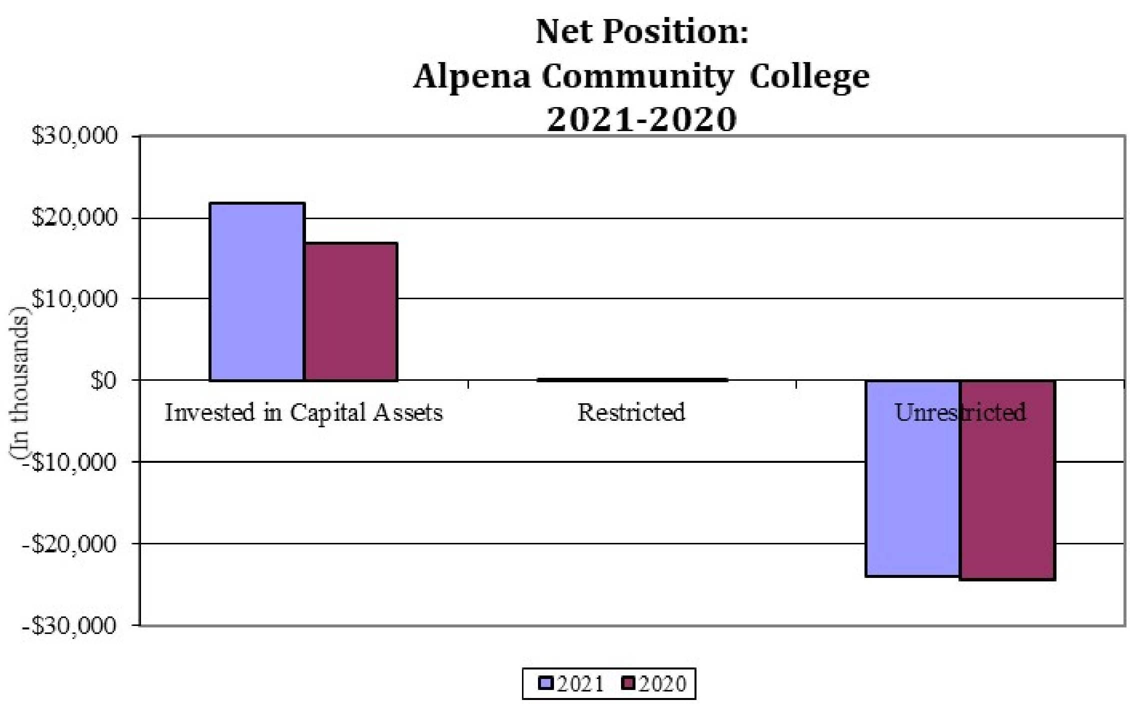
- The COVID 19 pandemic created numerous issues that the College was forced to deal with moving to robust remote/virtual delivery systems, more on-line courses and facilitating courses that required some face-to-face interaction. All additional costs and lost revenue were covered by the CARES Act – Higher Education Emergency Relief Fund (HEERF).

- Changes in the unfunded pension and OPEB liabilities continue to be a challenge with recaptured expenses recorded of $586,722 and State UAAL pension appropriations allocated to Deferred Outflow of $1,042,972 in that fund. Capital acquisitions, less depreciation, a transfer of $2,500,000 from the General Fund, generated by the Payroll Protection Program loan of $2,435,600 of which that loan was forgiven, increased the net position in the plant fund by over $4.5 million. General Fund net position increased by $504,532, despite a drop in enrollments due to the $317,694 infusion of HEERF revenue recovery. In summary, the College's net position increased by $5,168,399.

- Operating revenues accounted for 37% of the total revenues of the College while non-operating revenues account for 63%. This is not typical and was due to the large Federal contribution to nonoperating revenue of over four million dollars.

- The College experienced an operating loss of $10,962,171 as reported in the statement of revenues, expenses, and changes in net position. State appropriations of $7,493,038, Federal CARES Act provisions of $1,610,302, Paycheck Protection Program (PPP) loan forgiveness of $2,435,600, local property tax of $2,757,927, and other non-operating revenues and expenses of $1,833,703, offsets all of the operating loss, leaving an increase of $5,168,399. The General Fund net position increased by $504,532 to $2,004,253.

- The College recorded $1,664,510 in gifts and endowments this year. This is higher than usual because of donations toward the renovation of Van Lare Hall.



The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

The statement of net position and the statement of revenues, expenses, and changes in net position answer the question "Is the College 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 position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as operating results.

These two statements report the College's net position and any changes. 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 a good indication of the College's financial position. Other factors to consider are other non-financial data 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 nonoperating. Operating revenue is revenue brought in by a direct action of the College, such as tuition and fees and grants requiring specific outcomes. Nonoperating 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. The College takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

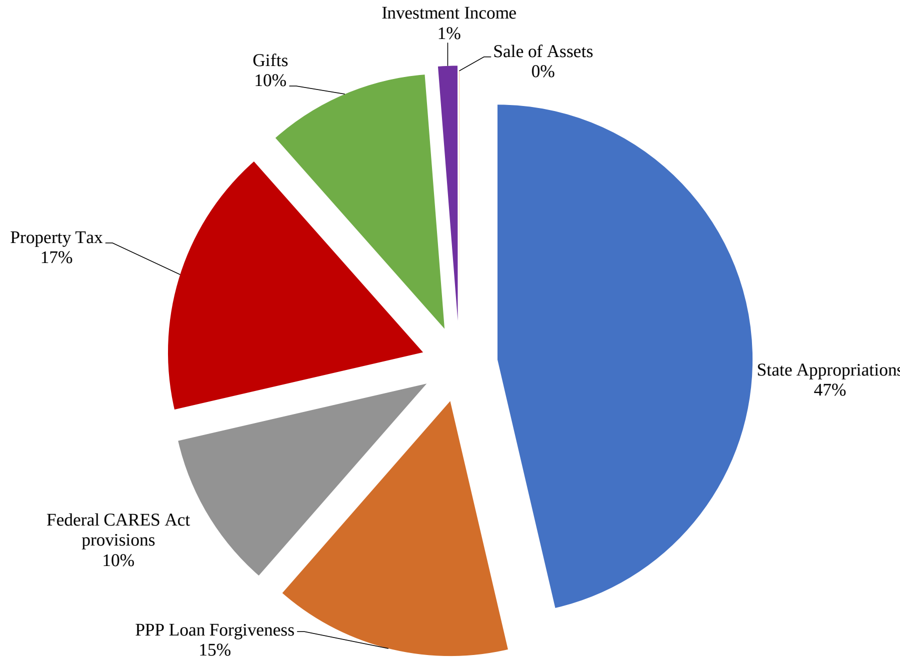
Net Position, End of Year

(in thousands)

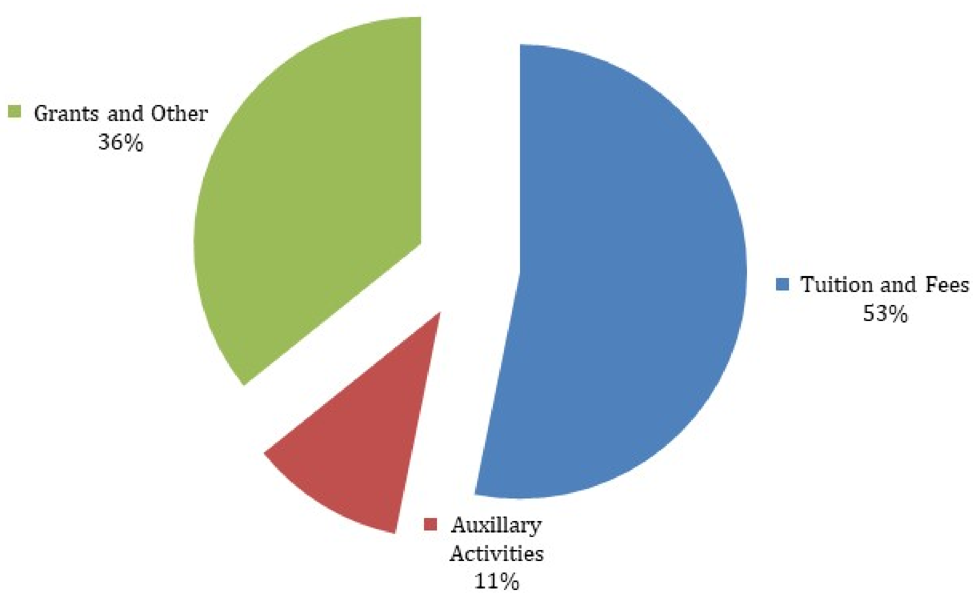
	Alpena Community College		Alpena Community College Foundation	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current and other assets	$ 10,214	$ 12,076	$ 348	$ 1,705
Capital assets, net	22,730	18,184	9,504	7,040
Total Assets	32,944	30,260	9,852	8,745
Deferred Outflows of Resources	7,380	8,790	-	-
Total Assets and Deferred Outflows	40,324	39,050	9,852	8,745
Current liabilities	5,117	7,811	10	5
Unfunded pension liability	26,759	26,219	-	-
Unfunded OPEB liability	4,101	5,456	-	-
Other noncurrent liabilities	948	1,195	-	-
Total Liabilities	36,925	40,681	10	5
Deferred Inflows of Resources	5,622	5,761	-	-
Net Position				
Invested in capital assets net of related debts	21,761	16,961	-	-
Restricted	1	13	7,136	6,925
Unrestricted	(23,985)	(24,366)	2,706	1,815
Total Net Position	(2,223)	(7,392)	9,842	8,740
Total Liabilites and Net Position	$ 40,324	$ 39,050	$ 9,852	$ 8,745
Increase (decrease) in Net Position	$ 5,169		$ 1,102	

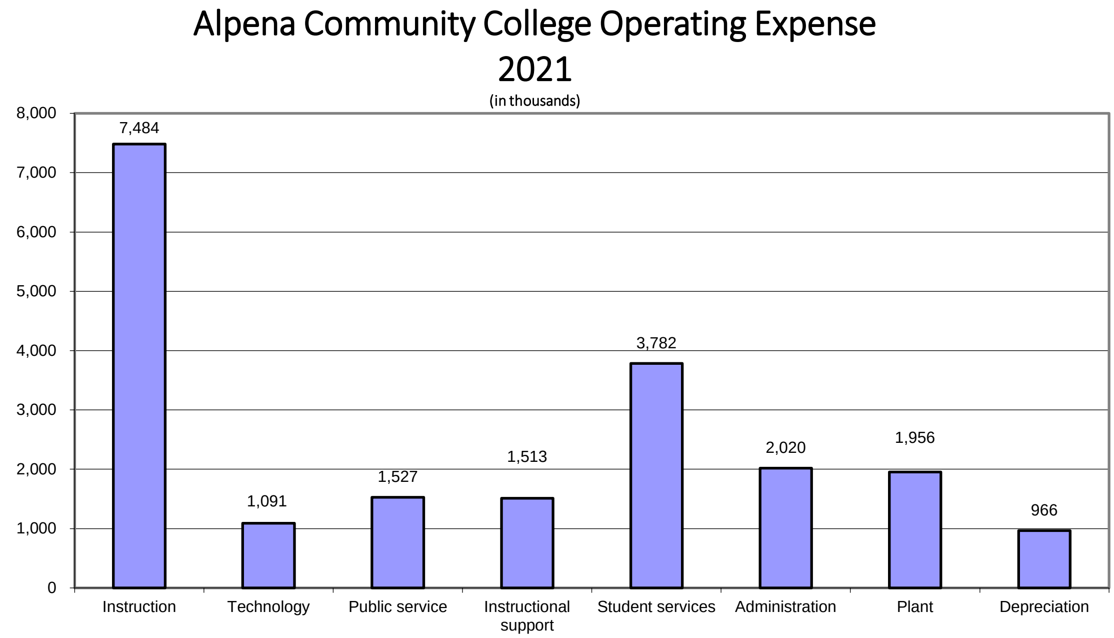
Operating and non-operating revenues and operating expenses for the fiscal year ended June 30, 2021:

Alpena Community College
Nonoperating Revenues



Alpena Community College
Operating Revenues




Alpena Community College Operating Expense
2021
(in thousands)
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
7,484
1,091
1,527
1,513
3,782
2,020
1,956
966
Instruction
Technology
Public service
Instructional support
Student services
Administration
Plant
Depreciation

Operating Results for the Year
2021-2020
(in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Operating Revenues				
Tuition and fees	$ 4,989	$ 4,859	$ -	$ -
Grants and contracts	3,234	3,800	-	-
Auxiliary activities	1,035	1,147	-	-
Other	118	129	29	18
Total Operating Revenues	9,376	9,935	29	18
Operating Expenses	20,338	20,135	1,899	1,625
Net Operating Revenues(Expenses)	(10,962)	(10,200)	(1,870)	(1,607)
Non-operating Revenues				
State appropriations	7,493	5,987	-	-
Federal CARES Act provisions and PPP loan forgiveness	4,046	477	-	-
Other non-operating revenues	4,592	4,108	2,972	537
Net Non-operating Revenues	16,131	10,572	2,972	537
Increase (Decrease) in Net Position	5,169	372	1,102	(1,070)
Net Position - beginning of year	(7,392)	(7,764)	8,740	9,810
Net Position - end of year	$ (2,223)	$ (7,392)	$ 9,842	$ 8,740

Operating Revenues

Operating revenue changes were the result of the following factors:

- Tuition and fees increased by $130,476, with Pell grant awards used for tuition and fees decreasing by $377,447, causing a net increase in operational tuition and fees of 2.6%.
- Federal grants and contracts decreased 16% due primarily to the $452,712 drop in Pell Grants flowing to students.

Non-operating Revenues

Non-operating changes were the result of the following factors:

- State general fund operation appropriations, of just over $6 million, was flat as compared to what was originally approved FY 2020 with an increase in unfunded pension liability payments of $168,522. The Van Lare Hall renovation project received State approval of $1.38 million of expenditures in FY 2021 and received in FY 2022.
- Property tax revenue was higher by 2.6% than last year as taxable valuations increased.
- Investment income showed a $158,637 increase due to market values improving from last year with funds on deposit associated with the college's risk management association.

Operating Expenses

Operating expense changes were the result of the following factors:

- Adjustments in unfunded liability income and expenses, and a swing of over $660,000 dollars influenced all areas of the College. The following percentages remove the unfunded pension and OPEB expenses from the calculation:
- Instructional costs rose by 1.3% due to contractual obligations.
- Technology operating costs remained level.
- Public services increased by 13.5% because of the CARES Act funding.
- Instructional support increased 8.3% due to CARES Act funding and scheduled payroll increases.
- Student services increased by 4.4 % because of scheduled payroll increases and CARES Act funding.
- Institutional administration increased by 4.4% due to CARES Act funding and scheduled payroll increases.
- Operation and maintenance of plant cost increased 14.3% due to CARES Act funding and scheduled payroll increases.

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 entity's 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
2021-2020
(in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Cash provided (used) by:				
Operating activities	$ (11,136)	$ (8,394)	$ (2,078)	$ (1,686)
Non-capital financing activities	12,643	13,882	1,123	602
Capital and related financing activities	(5,777)	(2,348)	212	75
Investing activities	197	39	(200)	150
Net increase (decrease) in cash	(4,073)	3,179	(943)	(859)
Cash, beginning of the year	7,121	3,942	1,123	1,982
Cash, end of the year	$ 3,048	$ 7,121	$ 180	$ 1,123

The College's liquidity decreased during the year by $4,072,644. The College provides the following information to help the reader better understand the cash flows presented above.

Alpena Community College

Cash flow decreased due to lower funding from grants and contracts and an increase in capital expenditures on the Van Lare Hall renovation project.

Alpena Community College Foundation

The Foundation's liquidity decreased due to transfer of funds to the College for the Van Lare Hall renovation project.

Capital Assets and Debt Administration

Capital Assets

In all capital expenditures, the College has kept a close eye on the economic conditions of the State and Nation. With the continued decline in student enrollments statewide 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. The College has undertaken a major renovation of the oldest building on campus, Van Lare Hall. It capitalizes costs associated with the planning of the renovation.

Capital Assets, Net, at Year-End
2021-2020
(in thousands)

	Alpena Community College		Alpena Community College Foundation		Totals	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Land	$ 340	$ 340	$ -	$ -	$ 340	$ 340
Construction in progress	7,563	2,367	-	-	7,563	2,367
Land improvements	1,156	1,156	-	-	1,156	1,156
Buildings	30,655	30,655	-	-	30,655	30,655
Furniture, fixtures and equipment	5,273	4,965	-	-	5,273	4,965
Vehicles	595	641	-	-	595	641
Books	1,160	1,153	-	-	1,160	1,153
Totals	46,742	41,277	-	-	46,742	41,277
Depreciation	24,012	23,093	-	-	24,012	23,093
Net	$ 22,730	$ 18,184	$ -	$ -	$22,730	$ 18,184

Debt

In May 2017, the College purchased The College Park Apartment buildings that are located on the campus, but were previously owned and operated by a third party. The purchase price was $680,000. A 20-year installment purchase agreement generated the funds to acquire the property. Payments toward the note will come from rent proceeds. Even with the purchase, at year-end, the College still maintains a low debt profile of only $969,000 of long-term debt. The College has a $2,223,487 deficit, due to the inclusion of $29,102,562 of net pension and OPEB liabilities included in the total net position (see page 3). The College has set $277,555 aside for the balance of the note acquired to cash flow EPTC construction. These funds will also be used to fund the Van Lare Hall renovation. In May 2020 the College requested and received, under the authority of the CARES Act, a non-interest-bearing PPP loan of $2,435,600. A request to have the loan forgiven under the same authority was submitted and approved in FY 2021.

Economic Factors That Will Affect the Future

During FY 2021, the College received State appropriated funds to replace the personal property tax eliminated from the tax rolls for the amount of $165,318. This amount cannot be accurately estimated due to the complexities of the State's calculation.

The College's State appropriation increase for FY 2022 is 1.1% with a one-time supplemental appropriation of $225,700.

There is little growth anticipated over the next two years that would limit significant additional local tax support. The College experienced an unexpected 8% decrease in Fall enrollment for FY 2022. The College has budgeted a 3% decline. The decrease is attributed to the uncertainty brought about by the COVID 19 pandemic. The decline was mitigated by the expansion of virtual classroom systems allowing remote learning on a large scale.

State mandated healthcare premium caps help to keep cost at a manageable level.

The College is looking at several areas including:

- Expanding niche programs, such as Nursing, Health Sciences, Concrete Technology, and Utility Technology.
- Building and recruiting for the College's Energy Technology bachelor's program.
- Keeping tuition at the College affordable without sacrificing a quality education by taking a very hard look at future tuition increases, so as not to price students out of the market.
- Through the College's Marketing Plan, looking at other opportunities to make up the decrease in our market base, in addition to expansion in our niche programs, improving partnerships with businesses, area high schools and communities.
- Repurposing and renovating the autobody and manufacturing technology labs seeking to expand the College's manufacturing and welding programs.
- Dual enrollment and early college programs that continue to increase as agreements with secondary education expand.
- Closely look at the College's financial reserves and determine how best to manage them.

ACC continues to be the college of choice for Northeast Lower Michigan and to provide the highest quality education for its citizens.

Contacting Alpena Community College Management

This financial report is designed to provide Alpena Community College's citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have any questions about the report or need additional financial information, contact the Office of Administration and Finance at:

Alpena Community College
665 Johnson Street
Alpena, Michigan 49707-1495
(989) 356-9021

Financial Statements

Alpena Community College

Statement of Net Position

	Alpena Community College		A.C.C. Foundation	
	June 30		June 30	
	2021	2020	2021	2020
Assets				
Current Assets				
Cash and cash equivalents	$ 3,048,545	$ 7,121,189	$ 180,347	$ 1,122,673
State appropriations receivable	2,647,817	728,584	-	-
Accounts receivable	2,703,771	2,654,896	-	245
Prepaid expenses	5,273	8,105	-	-
Contributions receivable	-	-	167,783	582,142
Federal and state grants receivable	573,588	228,152	-	-
Inventories	420,454	715,507	-	-
Insurance funds on deposit	809,340	611,484	-	-
Total Current Assets	10,208,788	12,067,917	348,130	1,705,060
Restricted investments	-	-	9,503,694	7,040,009
Other investments	4,982	7,971	-	-
Capital assets, net	22,729,972	18,184,100	-	-
Total Assets	32,943,742	30,259,988	9,851,824	8,745,069
Deferred Outflows of Resources				
Related to pensions	5,528,986	7,197,778	-	-
Related to OPEB	1,851,480	1,592,182	-	-
Total Deferred Outflows of Resources	7,380,466	8,789,960	-	-
Total Assets and Deferred Outflows of Resources	$ 40,324,208	$ 39,049,948	$ 9,851,824	$ 8,745,069
Liabilities and Net Position				
Current Liabilities				
Current portion of debt obligations	$ 259,000	$ 254,000	$ -	$ -
Accounts payable	1,025,621	1,303,115	1,377	962
PPP loan payable	-	2,435,600	-	-
Accrued interest payable	4,944	6,578	-	-
Accrued payroll and related liabilities	1,092,163	1,084,202	-	-
Deposits	37,900	26,800	-	-
Unearned student tuition and fees	2,697,403	2,700,362	-	-
Unearned revenue - special events	-	-	8,575	3,950
Total Current Liabilities	5,117,031	7,810,657	9,952	4,912
Long-term debt obligations	710,000	969,000	-	-
Net pension liability	26,759,219	26,219,184	-	-
Net OPEB liability	4,101,234	5,456,362	-	-
Accrued compensated balances	237,636	225,905	-	-
Total Liabilities	36,925,120	40,681,108	9,952	4,912
Deferred Inflows of Resources				
Related to pensions	1,075,557	2,197,267	-	-
State aid for pension	1,042,972	874,450	-	-
Related to OPEB	3,504,046	2,689,009	-	-
Total Deferred Inflows of Resources	5,622,575	5,760,726	-	-
Net Position				
Invested in capital assets, net of related debt	21,760,972	16,961,100	-	-
Restricted for:				
Expendable scholarships and grants	765	13,349	7,135,478	6,924,880
Unrestricted	(23,985,224)	(24,366,335)	2,706,394	1,815,277
Total Net Position	(2,223,487)	(7,391,886)	9,841,872	8,740,157
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 40,324,208	$ 39,049,948	$ 9,851,824	$ 8,745,069

Statement of Revenues, Expenses and Changes in Net Position

	Alpena Community College		A.C.C. Foundation	
	Years Ended June 30		Years Ended June 30	
	2021	2020	2021	2020
Revenue				
Operating Revenue				
Tuition and fees (net of scholarship allowance of $1,527,859 and $1,905,306)	$ 4,989,378	$ 4,858,902	$ -	$ -
Federal grants and contracts	3,010,840	3,584,382	-	-
State grants and contracts	215,838	201,410	-	-
Local grants and fees	7,250	14,500	-	-
Auxiliary activities	1,034,870	1,147,333	-	-
Miscellaneous	118,189	129,418	29,340	18,281
Total Operating Revenue	9,376,365	9,935,945	29,340	18,281
Expenses				
Operating Expenses				
Instruction	7,484,100	7,739,729	-	-
Technology	1,090,785	1,136,057	-	-
Public services	1,526,571	1,349,769	-	-
Instructional support	1,512,651	1,466,328	-	-
Student services	3,782,213	3,704,188	1,798,481	1,510,215
Institutional administration	2,020,032	1,991,550	101,271	115,360
Operation and maintenance of plant	1,956,305	1,751,284	-	-
Depreciation	965,879	996,749	-	-
Total Operating Expenses	20,338,536	20,135,654	1,899,752	1,625,575
Operating Income (Loss)	(10,962,171)	(10,199,709)	(1,870,412)	(1,607,294)
Nonoperating Revenue (Expenses)				
State appropriations	7,493,038	5,987,014	-	-
Paycheck Protection Program loan forgiveness	2,435,600	-	-	-
Federal CARES Act provisions	1,610,302	477,196	-	-
Property tax	2,757,927	2,688,545	-	-
Investment income	197,241	38,604	2,264,143	93,471
Interest on capital asset - related debt	(30,777)	(36,101)	-	-
Gifts and permanent endowments	1,664,510	1,411,324	707,984	443,878
Gain (loss) on sale of capital assets	2,729	5,152	-	-
Net Nonoperating Revenue (Expense)	16,130,570	10,571,734	2,972,127	537,349
Increase (Decrease) in Net Position	5,168,399	372,025	1,101,715	(1,069,945)
Net Position - beginning of year, restated	(7,391,886)	(7,763,911)	8,740,157	9,810,102
Net Position - end of year	$ (2,223,487)	$ (7,391,886)	$ 9,841,872	$ 8,740,157

The accompanying notes are an integral part of this statement.

	Alpena Community College		A.C.C. Foundation	
	Years Ended June 30		Years Ended June 30	
	2021	2020	2021	2020
Cash Flows from Operating Activities				
Tuition and fees	$ 4,937,544	$ 4,883,028	$ -	$ -
Grants and contracts	2,888,492	3,635,166	-	-
Payments to suppliers	(5,332,329)	(3,913,961)	(1,822,926)	(1,546,384)
Payments to employees	(14,782,465)	(14,274,757)	(71,786)	(82,690)
Auxiliary enterprise charges	1,034,870	1,147,333	-	-
Contributions restricted for long-term investments	-	-	(212,604)	(74,862)
Other	118,189	129,419	29,340	18,281
Net cash provided (used) for operating activities	(11,135,699)	(8,393,772)	(2,077,976)	(1,685,655)
Cash Flows from Noncapital Financing Activities				
State appropriation	6,616,777	6,869,004	-	-
Federal CARES Act Provisions	1,610,302	477,196	-	-
Proceeds from PPP Loan	-	2,435,600	-	-
Property tax levy	2,757,927	2,688,545	-	-
Gifts	1,658,054	1,411,323	1,122,588	601,804
Net cash provided (used) by noncapital financing activities	12,643,060	13,881,668	1,122,588	601,804
Cash Flows from Capital and Related Financing Activities				
State appropriations	-	500,000	-	-
Capital acquisitions	(5,505,296)	(2,568,573)	-	-
Proceeds from sale of assets	2,729	5,152	-	-
Principal paid on capital debt	(254,000)	(249,000)	-	-
Interest paid on capital debt	(32,410)	(37,558)	-	-
Contributions restricted for long-term investments	-	-	212,604	74,862
Change in compensated absences liability	11,731	2,288	-	-
Net cash provided (used) by capital and related financing activities	(5,777,246)	(2,347,691)	212,604	74,862
Cash Flows from Investing Activities				
Purchase of investments	-	-	(2,164,160)	(20,661,511)
Proceeds from sales and maturities of investment	-	-	1,794,138	19,987,467
Investment income (loss)	197,241	38,603	170,480	823,485
Net cash provided (used) by investing activities	197,241	38,603	(199,542)	149,441
Net Increase (Decrease) in Cash and Cash Equivalents	(4,072,644)	3,178,808	(942,326)	(859,548)
Cash and Cash Equivalents - beginning of the year	7,121,189	3,942,381	1,122,673	1,982,221
Cash and Cash Equivalents - end of the year	$ 3,048,545	$ 7,121,189	$ 180,347	$ 1,122,673

The accompanying notes are an integral part of this statement.

	Alpena Community College		A.C.C. Foundation	
	Years Ending June 30		Years Ending June 30	
	2021	2020	2021	2020
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and cash equivalents	$ 3,048,545	$ 7,121,189	$ 180,347	$ 1,122,673
Reconciliation of Net Operating Expenses to Cash Used for Operating Activities:				
Operating income (loss)	$ (10,962,171)	$ (10,199,709)	$ (1,870,412)	$ (1,607,294)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation	965,879	996,749	-	-
Amortization	2,989	2,989	-	-
Contributions restricted for long-term investments	-	-	(212,604)	(74,862)
Unfunded pension liability expense	(586,722)	74,731	-	-
(Increase) decrease in net assets:				
Accounts receivable	(48,875)	146,419	-	-
Federal and state grants receivable	(345,436)	(165,127)	-	-
Inventories	295,053	(45,681)	-	-
Insurance funds on deposit	(197,856)	(20,709)	-	-
Prepaid expenses	2,832	(135)	-	-
Increase (decrease) in liabilities:				
Accounts payable	(277,494)	896,248	415	451
Accrued payrolls and related liabilities	7,961	92,535	-	-
Deposits	11,100	(49,788)	-	-
Deferred income - special events	-	-	4,625	(3,950)
Unearned student tuition and fees	(2,959)	(122,294)	-	-
Net cash used for operating activities	$ (11,135,699)	$ (8,393,772)	$ (2,077,976)	$ (1,685,655)

Note 1. Basis of Presentation and Significant Accounting Policies.

Reporting Entity. The Alpena Community College (the "College") is a Michigan community college organized under Section 501(c)(3) of the Internal Revenue Code in 1964. The College's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to public colleges and universities prescribed by the Governmental Accounting Standards Board (GASB) and as outlined in the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges,* 2001.

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 College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

Alpena Community College Foundation ("ACC Foundation" or the "Foundation") is discretely reported in accordance with GASB Statement No. 39 as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of trustees) because its sole purpose is to provide support for the College. Separate financial statements of ACC Foundation may be obtained by contacting Alpena Community College Foundation, 665 Johnson Street, Alpena, MI 49707-1495.

The ACC Foundation is a nonprofit organization that reports under the provisions of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

Basis of Presentation. The accompanying financial statements have been prepared using an economic resource measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The statements incorporate all fund groups utilized internally by the College.

The College follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities.* This statement requires the following components of the College's financial statements:

- Management's discussion and analysis.
- Basic financial statements including a statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows for the college as a whole.
- Notes to the financial statements.

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

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

Note 1. Basis of Presentation and Significant Accounting Policies. *(continued)*

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

Risks and Uncertainties. The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net position.

Accounts Receivable. Accounts receivable are recorded net of allowance of uncollectible accounts of approximately $300,791 and $340,475 as of June 30, 2021 and 2020, respectively. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience.

Inventories. Inventories are stated at the lower of cost or net realizable value using the first-in, first-out method.

Property and Equipment. Using a $5,000 capitalization threshold, property and equipment are recorded at cost, or, if acquired by gift, at the fair market value as of the date of acquisition. Library materials are recorded using a historically based estimated value. Expenditures for maintenance and repairs are expensed as incurred. No depreciation is recorded on land. Expenditures for major renewals and betterment that extend the useful lives of the assets are capitalized.

Depreciation is provided for physical properties on a straight-line basis of the estimated useful life of the assets. The following useful lives are used to compute depreciation:

Land improvements	15 years
Buildings and improvements	5-40 years
Furniture, fixtures and equipment	3-7 years
Library materials	10 years
Vehicles	4 years

Deferred Outflows of Resources. In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The College's outflows of resources relate to the net pension and net OPEB liabilities. Additional disclosure is found in Note 4.

Operating and Non-Operating Revenues. Operating revenues of the college consist of tuition, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 34, including state appropriations, property taxes, gifts and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient department within the guidelines of donor restrictions, if any.

Revenue Recognition. Revenues are recognized when earned and expenditures are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended.

Student Tuition. Student tuition revenues are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances represent the difference between the stated charge for goods and services provided by the college and the amount that is paid by the students or third parties on behalf of the students, where the college has discretion over such expenses.

Note 1. Basis of Presentation and Significant Accounting Policies. *(continued)*

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 unearned student tuition and fees. Unearned student tuition and fees of $2,543,812 and $2,563,728 for future semesters existed at June 30, 2021 and 2020, respectively.

Unearned Housing Rents and Deposits. The College purchased the College Park Apartments in May 2017. Deferred income for housing rent was $153,591 and $136,634 while security deposits totaled $37,900 and $26,800 at June 30, 2021 and 2020, respectively.

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 at estimated fair value when received. Pledges are recorded as contributions in the year received, if there is sufficient evidence that a promise to contribute cash or other assets in the future has been made and collection is reasonably assured.

Deferred Inflows of Resources. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College's inflows of resources relate to certain pension and OPEB related amounts, such as the difference between projected and actual earnings of the pension plan's investment and the pension portion of section 147c state aid revenue received subsequent to the measurement date. More detailed information can be found in Note 4.

Other Postemployment Benefits (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of July 1, 2017, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement requires that the College recognize a net Other Postemployment Benefits (OPEB) liability in the statement of net position, equal to the College's proportionate share of the net OPEB liability of the Michigan Public School Employees Retirement System (MPSERS), as defined and calculated in accordance with the new standard.

Net Position. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the College's policy is to first apply restricted resources.

Invested in Capital Assets, Net of Related Debt. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position. Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board.

Note 1. Basis of Presentation and Significant Accounting Policies. *(continued)*

Unrestricted Net Position. The College, through Board action, has designated the use of unrestricted net position as follows:

	June 30	
	2021	2020
Designated for unreported insurance claims	$ 809,340	$ 611,484
Designated for capital outlay	277,555	421,265
Unrestricted and unallocated	(25,072,119)	(25,399,084)
Total unrestricted net position	$ (23,985,224)	$ (24,366,335)

Eliminations. In preparing the financial statements, the college eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the statements of net position. Similarly, revenues and expenses related to internal service activities are also eliminated from the statements of revenues, expenses and changes in net position. Both revenue and expenses related to internal service activities including print shops, office equipment, maintenance, telecommunications, and institutional computing have been eliminated. Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts where the college has discretion over such expenses, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Michigan Public Schools Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

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.

New Accounting Standard. The College adopted Government Accounting Standards (GASB) Statement No. 84, *Fiduciary Activities*, in the current year. This standard is required to be applied retroactively by restating financial statement for all prior periods presented. As a result, the net position was increased by $13,034 as of July 1, 2019.

Reclassification. Certain items reported in the June 30, 2020, 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 did not maintain investments at June 30, 2021 and 2020. Investments reflected in these financial statements are held by the Foundation, which is shown as a component unit. The Foundation Board governs all investment policies with regard to these investments. Information related to these investments can be obtained by contacting the Foundation management.

Note 2. Cash and Cash Equivalents and Investments. *(continued)*

The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2021:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 3,048,545	$ 180,347
Restricted investments	-	9,503,694
Total deposits and investments	$ 3,048,545	$ 9,684,041

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories at June 30, 2021:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking accounts, savings accounts and certificates of deposit)	$ 3,044,845	$ 180,347
Investments in securities and similar vehicles	-	9,503,694
Petty cash and cash on hand	3,700	-
Total deposits and investments	$ 3,048,545	$ 9,684,041

The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2020:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 7,121,189	$ 1,122,673
Restricted investments	-	7,040,009
Total deposits and investments	$ 7,121,189	$ 8,162,682

Note 2. Cash and Cash Equivalents and Investments. *(continued)*

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories at June 30, 2020:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking accounts, savings accounts and certificates of deposit)	$ 7,117,489	$ 1,122,673
Investments in securities and similar vehicles	-	7,040,009
Petty cash and cash on hand	3,700	-
Total deposits and investments	$ 7,121,189	$ 8,162,682

Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three (3) levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization’s own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

The College had no assets that required the fair value measurement as of June 30, 2021 or 2020.

Note 2. Cash and Cash Equivalents and Investments. *(continued)*

The Foundation's investments are classified as the following on June 30, 2021:

	Level			
	Level 1	Level 2	Level 3	Total
Lincoln Investment -other	$ 1	$ -	$ -	$ 1
Multi-Asset Equity funds	3,144,489	-	-	3,144,489
Fixed Income Bond funds	799,273	-	-	799,273
Small Cap funds	460,774	-	-	460,774
Mid Cap funds	1,033,410	-	-	1,033,410
Large Cap funds	3,290,987	-	-	3,290,987
International funds	774,760	-	-	774,760
	$ 9,503,694	$ -	$ -	$ 9,503,694

The Foundation's investments are classified as the following on June 30, 2020:

	Level			
	Level 1	Level 2	Level 3	Total
Lincoln Investment - other	$ 255,667	$ -	$ -	$ 255,667
Multi-Asset Equity funds	2,343,357	-	-	2,343,357
Fixed Income Bond funds	972,104	-	-	972,104
Small Cap funds	372,968	-	-	372,968
Mid Cap funds	717,126	-	-	717,126
Large Cap funds	2,125,656	-	-	2,125,656
International funds	253,131	-	-	253,131
	$ 7,040,009	$ -	$ -	$ 7,040,009

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.

Note 2. Cash and Cash Equivalents and Investments. *(continued)*

Credit risk. According to Michigan Public Act 331 of 1966, as amended through 2012, the College may invest in: bonds, bills or notes of the United States or its agencies; obligations of the State of Michigan; corporate commercial paper rated prime by at least one of the standard rating services; bankers' acceptances and certificates of deposit issued by financial institutions which are members of the Federal Deposit Insurance Corporation; mutual funds and investment pools that are composed of authorized investment instruments; and certain repurchase agreements.

Certificates of deposit at any one financial institution may not exceed 25 percent of the total investable balance or more than 15 percent of the net worth of the financial institution. Commercial paper may not exceed 30 percent of the total investable balance or $1,000,000 per corporation.

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. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. The deposits were reflected in the accounts of banks at $3,228,191 at June 30, 2021, and $8,201,831 at June 30, 2020. Of the bank balance, $2,978,191 at June 30, 2021, and $7,701,831 at June 30, 2020, was uninsured and exposed to custodial credit risk because it was not covered by Federal Deposit Insurance Corporation (FDIC) insurance.

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.

Foundation Investments – Investments at ACC Foundation at June 30, 2021 and 2020 are as follows:

Description	Market Value
Investments – June 30, 2021	$9,503,694
Investments – June 30, 2020	$7,040,009

Note 3. Property and Equipment.

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2021 as follows:

	Balances July 1, 2020	Additions	Retirements	Balances June 30, 2021	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	2,366,961	5,196,506	-	7,563,467	
	2,706,561	5,196,506	-	7,903,067	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	30,654,660	-	-	30,654,660	5-40
Furniture, fixtures, equipment	4,965,300	307,596	-	5,272,896	3-7
Vehicles	640,917	-	(46,203)	594,714	4
Library materials	1,152,906	7,649	-	1,160,555	10
	38,570,187	315,245	(46,203)	38,839,229	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buidlings and improvements	(16,230,698)	(671,689)	-	(16,902,387)	5-40
Furniture, fixtures, equipment	(4,097,889)	(196,597)	-	(4,294,486)	3-7
Vehicles	(509,107)	(75,942)	46,203	(538,846)	4
Library materials	(1,098,550)	(21,651)	-	(1,120,201)	10
	(23,092,648)	(965,879)	46,203	(24,012,324)	
Net Capital Assets	$ 18,184,100	$4,545,872	$ -	$ 22,729,972	

Note 3. Property and Equipment. *(continued)*

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2020 as follows:

	Balances July 1, 2019	Additions	Retirements	Balances June 30, 2020	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	363,842	2,003,119	-	2,366,961	
	703,442	2,003,119	-	2,706,561	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	30,502,350	245,859	(93,549)	30,654,660	5-40
Furniture, fixtures, equipment	4,693,853	286,658	(15,211)	4,965,300	3-7
Vehicles	611,127	29,790	-	640,917	4
Library materials	1,149,759	3,147	-	1,152,906	10
	38,113,493	565,454	(108,760)	38,570,187	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buildings and improvements	(15,634,871)	(689,376)	93,549	(16,230,698)	5-40
Furniture, fixtures, equipment	(3,899,856)	(213,244)	15,211	(4,097,889)	3-7
Vehicles	(440,613)	(68,494)	-	(509,107)	4
Library materials	(1,072,915)	(25,635)	-	(1,098,550)	10
	(22,204,659)	(996,749)	108,760	(23,092,648)	
Net Capital Assets	$ 16,612,276	$1,571,824	$ -	$ 18,184,100	

As of June 30, 2021, the College has additional construction cost commitments of approximately $1.4 million for the Van Lare Hall building renovation project.

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans.

Industry Information and Significant Accounting Policies.

Michigan Public School Employees' Retirement System.

Plan Description. The College participates in the Michigan Public School Employees' Retirement System (MPSERS or System), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all non-exempt employees of the College and 62.7% of exempt employees. Exempt employees may choose an optional retirement plan managed by the Teachers Insurance Annuity Association (TIAA). The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 530 West Allegan Street, P.O. Box 30171, Lansing, MI 48909.

Contributions. Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each College's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The College's contributions are determined based on employee elections. There are a number of different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates are as follows:

	Pension	OPEB
July 1, 2013 – September 30, 2013	12.78% - 15.21%	8.18% - 9.11%
October 1, 2013 – September 30, 2014	15.44% - 18.34%	5.52% - 6.45%
October 1, 2014 – September 30, 2015	18.76% - 23.07%	2.71% - 2.20%
October 1, 2015 – September 30, 2016	14.56% - 18.95%	6.40% - 6.83%
October 1, 2016 – September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 – September 30, 2018	16.14% - 20.49%	4.82% - 5.07%
October 1, 2018 – September 30, 2019	16.39% - 20.59%	7.57% - 7.93%
October 1, 2019 – September 30, 2020	16.39% - 20.59%	7.57% - 8.09%
October 1, 2020 – June 30, 2021	16.39% - 20.59%	7.57% - 8.43%

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

Depending on the plan selected, plan member contributions range from 0 percent up to 9 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The College's required and actual contributions to the pension plan for the years ended June 30, 2021 and 2020 were $2,140,771 and $2,103,241, respectively. Contributions include $1,042,972 and $874,450 in revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2021 and 2020. The College's required and actual contributions to OPEB for the years ended June 30, 2021 and June 30, 2020 were $540,877 and $521,944, respectively.

Benefits Provided. Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earning are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Net Pension Liability, Deferrals, and Pension Expense. At June 30, 2021 and 2020, the College reported a liability of $26,759,219 and $26,219,184, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the College's proportion was 0.07789919% and 0.07917224%, respectively, which was a decrease of .00127305%.

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

For the year ended June 30, 2021, the College recognized pension expense of $3,408,108. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 408,859	$ 57,114
Changes of assumptions	2,965,179	-
Net difference between projected and actual earnings on pension plan investments	112,430	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	-	1,018,443
Reporting Unit contributions subsequent to the measurement date	2,042,518	-
Total	$ 5,528,986	$ 1,075,557

For the year ended June 30, 2020, the College recognized pension expense of $3,657,661. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 117,523	$ 109,331
Changes of assumptions	5,133,735	-
Net difference between projected and actual earnings on pension plan investments	-	840,280
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	84,191	1,247,656
Reporting Unit contributions subsequent to the measurement date	1,862,329	-
Total	$ 7,197,778	$ 2,197,267

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

Net OPEB Liability, Deferrals, and OPEB Expense. At June 30, 2021 and 2020, the College reported a liability of $4,101,234 and $5,456,362, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the College's proportion was 0.07655460% and 0.07601774%, respectively, which was an increase of .00053686%.

For the year ended June 30, 2021, the College recognized OPEB expense of $(248,046). At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Deferred Outflows of Resources	OPEB Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,055,803
Changes of assumptions	1,352,258	-
Net difference between projected and actual earnings on OPEB investments	34,229	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	44,736	448,243
Reporting Unit contributions subsequent to the measurement date	420,257	-
Total	$ 1,851,480	$ 3,504,046

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

For the year ended June 30, 2020, the College recognized OPEB expense of $(4,125). At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Deferred Outflows of Resources	OPEB Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,002,093
Changes of assumptions	1,182,283	-
Net difference between projected and actual earnings on OPEB investments	-	94,889
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	231	592,027
Reporting Unit contributions subsequent to the measurement date	409,668	-
Total	$ 1,592,182	$ 2,689,009

For the year ended June 30, 2021, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expenses as follows for:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To be Recognized in Future Pension and OPEB Expenses)

Year Ending September 30	Pension Amount	OPEB Amount
2021	$ 3,122,198	$ (167,707)
2022	776,989	(540,284)
2023	412,583	(435,635)
2024	141,659	(303,429)
2025	-	(205,511)

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

For the year ended June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expenses as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To be Recognized in Future Pension and OPEB Expenses)

Year Ending September 30	Pension Amount	OPEB Amount
2020	$ 3,148,086	$ 11,962
2021	948,660	(397,706)
2022	638,326	(350,361)
2023	265,439	(246,231)
2024	-	(114,491)

Actuarial Assumptions. The total pension liability in the September 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement (unless noted assumption was unchanged between valuation years):

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%

Investment Rate of Return:

	2019	2018
MIP and Basic Plans (Non-Hybrid)	6.80%	6.80%
Pension Plus Plan (Hybrid)	6.80%	6.80%
Pension Plus 2 Plan	6.00%	6.00%
OPEB Plan (Retiree Healthcare Fund)	6.95%	6.95%

Projected Salary Increases	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate	2019: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 2018: 7.5% Year 1 graded to 3.5% Year 12
Mortality	(Retirees): RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006. (Active): RP-2014 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

Other OPEB Assumptions:

Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female retirees are assumed to elect coverage for 1 or more dependents

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.6%
Private equity pools	16.0%	9.3%
International equity pools	15.0%	7.4%
Fixed income pools	10.5%	0.5%
Real estate and infrastructure pools	10.0%	4.9%
Absolute return pools	9.0%	3.2%
Real Return / Opportunistic pools	12.5%	6.6%
Short term investment pools	2.0%	(0.1)%
TOTAL	100.0%	

**Long term rate of return are net of administration expenses 2.1% inflation for pension and OPEB.*

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic equity pools	28.0%	5.5%
Private equity pools	18.0%	8.6%
International equity pools	16.0%	7.3%
Fixed income pools	10.5%	1.2%
Real estate and infrastructure pools	10.0%	4.2%
Absolute return pools	15.5%	5.4%
Short term investment pools	2.0%	0.8%
TOTAL	100.0%	

**Long term rate of return are net of administration expenses and 2.3% inflation.*

Rate of Return

For the fiscal year ended September 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37% and 5.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

For the fiscal year ended September 30, 2020 and 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.24% and 5.37%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate. For June 30, 2021, a discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%.

For June 30, 2020, a discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%.

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net positions of both the pension and OPEB plans were projected to be available to make all projected future benefit payments of current plan members Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the College as of June 30, 2021, calculated using the discount rate of 6.80 percent (MIP Hybrid), 6.80 percent (Pension Plus), and 6.00 percent (Pension Plus 2) as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Decrease (MIP, Pension Plus, Pension Plus 2) 5.80% / 5.80% / 5.00%	**Current Single Discount Rate (MIP, Pension Plus, Pension Plus 2) 6.80% / 6.80% / 6.00%**	**1% Increase (MIP, Pension Plus, Pension Plus 2) 7.80% / 7.80% / 7.00%**
$34,635,270	$26,759,219	$20,231,729

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the College as of June 30, 2020 calculated using the discount rate of 6.80 percent, (MIP Hybrid), 6.80 percent (Pension Plus), and 6.00 percent (Pension Plus 2) as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Decrease (MIP, Pension Plus, Pension Plus 2) 5.80% / 5.80% / 5.00%	**Current Single Discount Rate (MIP, Pension Plus, Pension Plus 2) 6.80% / 6.80% / 6.00%**	**1% Increase (MIP, Pension Plus, Pension Plus 2) 7.80% / 7.80% / 7.00%**
$34,086,617	$26,219,184	$19,696,811

Sensitivity of the net OPEB liability to changes in the discount rate. As required by GASB Statement No. 75, the following table presents the College's net OPEB Liability, as of June 30, 2021, calculated using a discount rate of 6.95%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Decrease 5.95%	**Current Single Discount Rate 6.95%**	**1% Increase 7.95%**
$5,268,502	$4,101,234	$3,118,493

Sensitivity of the net OPEB liability to changes in the discount rate. As required by GASB Statement No. 75, the following table presents the College's net OPEB Liability, as of June 30, 2020, calculated using a discount rate of 6.95%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Decrease 5.95%	**Current Single Discount Rate 6.95%**	**1% Increase 7.95%**
$6,693,048	$5,456,362	$4,417,889

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability, as of June 30, 2021, calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a Healthcare Cost Trend rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Trend Decrease	Current Healthcare Trend Rate	1% Trend Increase
$3,080,866	$4,101,234	$5,261,778

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability, as of June 30, 2020, calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a Healthcare Cost Trend rate that is 1.00 percentage point lower or 1.00 percentage point higher:

1% Trend Decrease	Current Healthcare Trend Rate	1% Trend Increase
$4,373,862	$5,456,362	$6,692,901

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

For the June 30, 2021 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4892 for pension and 5.9870 for OPEB.

For the June 30, 2020 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4977 for pension and 5.7101 for OPEB.

For the June 30, 2021 and 2020 report, recognition period for assets is 5.0000.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

Payable to the Pension Plan. The College reported a payable of $189,632 and $158,990 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021 and 2020, respectively.

Postemployment Benefits Other Than Pensions (OPEB). Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. The MPSERS Board of trustees annually sets the employer contribution rate to fund the benefits on a pay as you go basis. Participating employers are required to contribute at that rate. Members can choose to contribute 3% of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3% contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2% employee contribution into their 457 account as of their transition date and create a 2% employer match into the employee's 403B account.

Note 4. Pension and Other Postemployment Benefit (OPEB) Plans. *(continued)*

The College's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2021, 2020 and 2019 were $560,039, $547,264, and $391,993, respectively.

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 as of June 30, 2021. 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.

Note 6. 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 7. Long-Term Debt Obligation.

Long-term Debt obligations of the college consist of the following as of June 30, 2021:

	Balances July 1, 2020	Additions	(Deductions)	Balances June 30, 2021	Due within one year
Other Debt:					
2013 College Facility					
And Refunding Bonds					
Dated: 01-28-2013					
Matures: 03-01-2023					
Interest 0.65% - 2.35%	$ 645,000	$ -	$(220,000)	$ 425,000	$ 225,000
Total other debt	645,000	-	(220,000)	425,000	225,000
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	578,000	-	(34,000)	544,000	34,000
Total direct borrowings and direct placements	578,000	-	(34,000)	544,000	34,000
Other long-term obligations					
Compensated absences	225,905	11,731	-	237,636	-
Total	$ 1,448,905	$ 11,731	$(254,000)	$ 1,206,636	$ 259,000

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2021 are as follows:

	Direct borrowings and direct placements		Other debt		
For the year ending June 30,	Principal	Interest	Principal	Interest	Annual Requirement
2022	$ 34,000	$ 16,973	$ 225,000	$ 9,762	$ 285,735
2023	34,000	15,912	200,000	4,700	254,612
2024	34,000	14,851	-	-	48,851
2025	34,000	13,790	-	-	47,790
2026	34,000	12,730	-	-	46,730
2027-2032	374,000	70,013	-	-	444,013
	$ 544,000	$ 144,269	$ 425,000	$ 14,462	$ 1,127,731

Note 7. Long-Term Debt Obligation. *(continued)*

Long-term Debt obligations of the college consist of the following as of June 30, 2020:

	Balances July 1, 2019	Additions	(Deductions)	Balances June 30, 2020	Due within one year
Other Debt:					
2013 College Facility					
And Refunding Bonds					
Dated: 01-28-2013					
Matures: 03-01-2023					
Interest: 0.65% - 2.35%	$ 860,000	$ -	$(215,000)	$ 645,000	$ 220,000
Total other debt	860,000	-	(215,000)	645,000	220,000
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	612,000	-	(34,000)	578,000	34,000
Total direct borrowings and direct placements	612,000	-	(34,000)	578,000	34,000
Other long-term obligations					
Compensated absences	223,616	2,289	-	225,905	-
Total	$ 1,695,616	$ 2,289	$(249,000)	$ 1,448,905	$ 254,000

Installment Loan. Under the terms of the installment purchase agreement, the College has pledged to use monies from the General Fund and all other resources available for the payment of the principal and interest on the installment loan. In the event of unavailability or insufficiency of General Fund monies for any reason, the obligation under the College is obligated to utilize taxes levied within the College's constitutional and statutory limitation or from unencumbered funds. The College may prepay this debt or pay in full prior to maturity. If prepayment is made prior to May 24, 2028, the redemption price will be 101% of the then remaining outstanding principal installments redeemed, plus accrued interest, if any through that date. If prepayment is made on or after May 24, 2028, the redemption price shall be the then remaining outstanding principal installments, plus accrued interest, if any.

Note 8. 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 22.1% 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 2020-2021 school year for Alpena Community College was established at $1,107,701,278 and $1,079,984,959 for the 2019-2020 school year. 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 9. Tax Abatements.

The College may receive reduced tax revenues as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) or Brownfield Redevelopment Agreements granted by cities within the boundaries of the College. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. Accordingly, such agreements meet the criteria of “tax abatements” under GASB Statement No. 77.

For the fiscal year ended June 30, 2021, the College’s tax revenues were reduced under these programs and amounted to approximately $11,742. The College is not reimbursed for lost revenue caused by tax abatements. There were no abatements made by the College.

Note 10. 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 11. Related Party Transactions.

The Alpena Community College Foundation is a separate not-for-profit corporation, with its own independent board, established to accept, collect, hold, and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. Each year, applications for grant funds are submitted to the Foundation Board where they are considered for funding. In the past, funding has been used to support student scholarships and capital initiatives. The College provides personnel support, supplies and equipment to the Foundation.

Note 12. Short-Term Debt Obligation.

In May 2020, the College received loan proceeds in the amount of $2,435,600 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 8-24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The College utilized the proceeds for purposes consistent with the PPP. Alpena Community College received notification for forgiveness from the Small Business Administration dated May 13, 2021 for the full loan proceeds of $2,435,600 and was recorded as nonoperating income within the current year.

Note 13. Other Funds.

The Community Foundation for Northeast Michigan (“Community Foundation”) carries certain funds which are for the benefit of the College. These funds are not included in the College’s financial statements. Upon a successful grant application, the spendable portion of the fund represents the limited amount the College could request from the Community Foundation for program services and/or scholarships for students. As of June 30, 2021 and 2020 there was $17,123 and $11,471, respectively, of spendable funds and a total within the fund of $113,831 and $121,549, respectively. Grants approved by the Community Foundation for the College were $0 and $0 for the years ended June 30, 2021 and 2020, respectively.

Note 14. Subsequent Events.

Management has evaluated subsequent events through October 14, 2021, the date on which the financial statements were available to be issued.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the College’s operational and financial performance will depend on various developments, including the duration of the spread of the outbreak and its impact on students, employees, taxpayers, and vendors, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the College to implement additional safety measures for providing of services to students.

Required Supplemental Information

Alpena Community College

Required Supplemental Information
Schedule of Proportionate Share of the Net Pension Liability

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts determined as of 9/30 of each year)

	2020	**2019**	**2018**
A. Reporting unit's proportion of net pension liability (%)	0.07790%	0.07917%	0.08224%
B. Reporting unit's proportionate share of net pension liability	$ 26,759,219	$ 26,219,184	$ 24,722,675
C. Reporting unit's covered-employee payroll	$ 6,781,504	$ 6,640,739	$ 6,911,427
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	394.59%	394.82%	357.71%
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%

Changes in benefit terms: There were no changes of benefit term in 2020.

Changes in benefit assumptions: There were no changes of benefit assumptions in 2020.

Changes in size or composition of the covered population: There were no significant changes in size or composition of the covered population in 2020.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

2017	2016	2015	2014
0.08447%	0.08835%	0.08574%	0.08598%
$ 21,890,919	$ 22,041,884	$ 20,940,911	$ 18,937,550
$ 6,915,242	$ 7,372,372	$ 7,455,745	$ 7,748,819
316.56%	298.98%	280.87%	244.39%
66.20%	63.27%	63.17%	66.20%

Alpena Community College

Required Supplemental Information
Schedule of the Pension Contributions

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts determined as of 6/30 of each year)

	2021	**2020**	**2019**
A. Statutorily required contributions	$ 2,140,771	$ 2,103,241	$ 2,239,399
B. Contributions in relation to statutorily required contributions*	$ 2,140,771	$ 2,103,241	$ 2,239,399
C. Contribution deficiency (excess)	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$ 6,877,472	$ 6,768,592	$ 6,732,893
E. Contributions as a percentage of covered-employee payroll	31.13%	31.07%	33.26%

*Contributions in relation to statutorily required contributions are the contributions a reporting unit actually made to MPSERS, which may differ from the statutorily required contributions.

Changes in benefit terms: There were no changes of benefit terms in 2021.

Changes in benefit assumptions: There were no changes of assumptions in 2021.

Changes in size or composition of the covered population: There were no significant changes in size or composition of the covered population in 2021.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

2018	2017	2016	2015
$ 1,981,374	$ 1,983,880	$ 1,653,949	$ 1,335,262
$ 1,981,374	$ 1,983,880	$ 1,653,949	$ 1,335,262
$ -	$ -	$ -	$ -
$ 6,882,867	$ 6,956,035	$ 7,455,745	$ 7,748,819
28.79%	28.52%	22.18%	17.23%

Alpena Community College

Required Supplemental Information
Schedule of the Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2020	**2019**	**2018**	**2017**
A. Reporting unit's proportion of net OPEB liability (%)	0.07655%	0.07602%	0.08024%	0.08492%
B. Reporting unit's proportionate share of net OPEB liability	$ 4,101,234	$ 5,456,362	$ 6,378,315	$ 7,520,290
C. Reporting unit's covered-employee payroll	$ 6,781,504	$ 6,640,739	$ 6,911,427	$ 6,915,242
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	60.48%	82.16%	92.29%	108.75%
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

Changes in benefit terms: There were no changes in benefit terms in 2020.

Changes in benefit assumptions: There were no changes in benefit assumptions in 2020, other than the healthcare cost trend rate changed as follows:
2018: 7.5% Year 1 graded to 3.5% Year 12
2019: 7.0% Year 1 graded to 3.5% Year 15, 3.0% Year 120

Changes in size or composition of the covered population: There were no significant changes in size or composition of the covered population in 2019.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

Alpena Community College

Required Supplemental Information
Schedule of OPEB Contributions

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts determined as of 6/30 of each year)

	2021	**2020**	**2019**	**2018**
A. Statutorily required contributions	$ 540,877	$ 521,944	$ 520,841	$ 661,158
B. Contributions in relation to statutorily required contributions*	$ 540,877	$ 521,944	520,841	661,158
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$ 6,877,472	$ 6,768,592	$ 6,732,893	$ 6,882,867
E. Contributions as a percentage of covered-employee payroll	7.86%	7.71%	7.74%	9.61%

*Contributions in relation to statutorily required contributions a reporting unit actually made to MPSERS, which may differ from the statutorily required contributions.

Changes in benefit terms: There were no changes in benefit terms in 2020.

Changes in benefit assumptions: There were no changes in benefit assumptions in 2020, reported plan years ended September 30, other than the healthcare cost trend rate changed as follows:

2018: 7.5% Year 1 graded to 3.5% Year 12
2019: 7.0% Year 1 graded to 3.5% Year 15, 3.0% Year 120

Changes in size or composition of the covered population: There were no significant changes in size or composition of the covered population in 2021.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

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Supplemental Information

Alpena Community College

Combining Statement of Net Position

June 30, 2021

	General Fund	Designated Fund	Auxiliary Activities Fund	Unfunded Pension and OPEB Liability Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 2,764,594	$ 100	$ 1,800	$ -	$ 590
State appropriations receivable	1,266,958	-	-	-	-
Accounts receivable	2,584,131	7,615	37,608	-	53,038
Prepaid expense	5,106	-	-	-	167
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	-	-	-	-	573,588
Inventories	5,599	-	414,855	-	-
Insurance funds on deposit	809,340	-	-	-	-
Due from (to) other funds	(821,347)	249,819	78,778	-	(240,959)
Total Current Assets	6,614,381	257,534	533,041	-	386,424
Restricted investments	-	-	-	-	-
Other investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Total Assets	6,614,381	257,534	533,041	-	386,424
Deferred Outflows of Resources					
Related to pensions	-	-	-	5,528,986	-
Related to OPEB	-	-	-	1,851,480	-
Total Deferred Outflows of Resources	-	-	-	7,380,466	-
Total Assets and Deferred Outflows of Resources	$ 6,614,381	$ 257,534	$ 533,041	$ 7,380,466	$ 386,424
Liabilities and Net Position					
Current Liabilities					
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -
Accounts payable	1,023,834	-	-	-	1,787
PPP loan payable	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	846,749	11,858	9,048	-	33,632
Deposits	-	-	37,900	-	-
Unearned student tuition and fees	2,543,812	-	153,591	-	-
Unearned revenue - special events	-	-	-	-	-
Total Current Liabilities	4,414,395	11,858	200,539	-	35,419
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	26,759,219	-
Net OPEB liability	-	-	-	4,101,234	-
Accrued compensated balances	195,733	18,954	14,630	-	8,319
Total Liabilities	4,610,128	30,812	215,169	30,860,453	43,738
Deferred Inflows of Resources					
Related to pensions	-	-	-	1,075,557	-
State aid for pension	-	-	-	1,042,972	-
Related to OPEB	-	-	-	3,504,046	-
Total Deferred Inflows of Resources	-	-	-	5,622,575	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	-
Unrestricted					
Unallocated	2,004,253	226,722	317,872	(29,102,562)	342,686
Total Net Position	2,004,253	226,722	317,872	(29,102,562)	342,686
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 6,614,381	$ 257,534	$ 533,041	$ 7,380,466	$ 386,424

The accompanying notes are an integral part of this statement.

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 281,461	$ -	$ -	$ 3,048,545	$ 180,347
-	-	1,380,859	-	-	2,647,817	-
-	-	21,379	-	-	2,703,771	-
-	-	-	-	-	5,273	-
-	-	-	-	-	-	167,783
-	-	-	-	-	573,588	-
-	-	-	-	-	420,454	-
-	-	-	-	-	809,340	-
-	765	532,374	200,570	-	-	-
-	765	2,216,073	200,570	-	10,208,788	348,130
-	-	-	-	-	-	9,503,694
-	-	4,982	-	-	4,982	-
-	-	22,729,972	-	-	22,729,972	-
-	765	24,951,027	200,570	-	32,943,742	9,851,824
-	-	-	-	-	5,528,986	-
-	-	-	-	-	1,851,480	-
-	-	-	-	-	7,380,466	-
$ -	$ 765	$ 24,951,027	$ 200,570	$ -	$ 40,324,208	$ 9,851,824
$ -	$ -	$ 259,000	$ -	$ -	$ 259,000	$ -
-	-	-	-	-	1,025,621	1,377
-	-	-	-	-	-	
-	-	4,944	-	-	4,944	-
-	-	-	190,876	-	1,092,163	-
-	-	-	-	-	37,900	-
-	-	-	-	-	2,697,403	-
-	-	-	-	-	-	8,575
-	-	263,944	190,876	-	5,117,031	9,952
-	-	710,000	-	-	710,000	-
-	-	-	-	-	26,759,219	-
-	-	-	-	-	4,101,234	-
-	-	-	-	-	237,636	-
-	-	973,944	190,876	-	36,925,120	9,952
-	-	-	-	-	1,075,557	-
-	-	-	-	-	1,042,972	-
-	-	-	-	-	3,504,046	-
-	-	-	-	-	5,622,575	-
-	-	21,760,972	-	-	21,760,972	-
-	765	-	-	-	765	7,135,478
-	-	2,216,111	9,694	-	(23,985,224)	2,706,394
-	765	23,977,083	9,694	-	(2,223,487)	9,841,872
$ -	$ 765	$ 24,951,027	$ 200,570	$ -	$ 40,324,208	$ 9,851,824

Alpena Community College

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2021

	General Fund	Designated Fund	Auxiliary Activities Fund	Unfunded Pension and OPEB Liability Fund	Restricted Fund
Revenue					
Operating Revenue					
Tuition and fees	$ 5,965,030	$ 373,921	$ -	$ -	$ -
Federal grants and contracts	9,718	-	-	-	3,001,122
State grants and contracts	-	6,967	-	-	184,403
Local grants and fees	-	-	-	-	7,250
Auxiliary activities	-	112,411	922,459	-	-
Indirect cost recovery	44,955	-	-	-	(44,955)
Current funds expenditures for equipment and capital improvements	-	-	-	-	-
Miscellaneous	98,475	180	-	-	-
Total Operating Revenue	6,118,178	493,479	922,459	-	3,147,820
Expenses					
Operating Expenses					
Instruction	7,782,763	4,601	-	(312,399)	5,341
Technology	1,039,866	41,730	43,191	(34,002)	-
Public services	-	182,151	82,538	(5,445)	1,975,063
Instructional support	1,561,728	5,345	-	(68,257)	40,528
Student services	1,380,951	315,027	1,042,522	(73,810)	2,437,797
Institutional administration	2,070,342	-	-	(52,811)	-
Operation and maintenance of plant	1,626,178	16,027	3,414	(39,998)	-
Depreciation	-	-	-	-	-
Total Operating Expenses	15,461,828	564,881	1,171,665	(586,722)	4,458,729
Operating Income (Loss)	(9,343,650)	(71,402)	(249,206)	586,722	(1,310,909)
Nonoperating Revenue (Expenses)					
State appropriations	7,155,151	-	-	(1,042,972)	-
Paycheck Protection Program Loan Forgiveness	2,435,600	-	-	-	-
Federal CARES Act Provisions	317,694	89,702	42,943	-	1,610,302
Property tax	2,757,927	-	-	-	-
Investment income	196,998	-	-	-	-
Interest on capital asset - related debt	-	-	-	-	-
Gifts and permanent endowments	6,456	3,581	-	-	2,807
Gain (loss) on sale of capital assets	-	-	-	-	-
Net Nonoperating Revenue (Expense)	12,869,826	93,283	42,943	(1,042,972)	1,613,109
Increase (Decrease) in Net Position	3,526,176	21,881	(206,263)	(456,250)	302,200
Transfers In (Out)	(3,021,644)	108,002	340,539	-	21,183
Net Increase (Decrease) in Net Position	504,532	129,883	134,276	(456,250)	323,383
Net Position - beginning of year	1,499,721	96,839	183,596	(28,646,312)	19,303
Net Position - end of year	$ 2,004,253	$ 226,722	$ 317,872	$ (29,102,562)	$ 342,686

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 176,186	$ 2,100	$ (1,527,859)	$ 4,989,378	$ -
-	-	-	-	-	3,010,840	-
-	24,468	-	-	-	215,838	-
-	-	-	-	-	7,250	-
-	-	-	-	-	1,034,870	-
-	-	-	-	-	-	-
-	-	5,505,296	-	(5,505,296)	-	-
-	-	-	19,534	-	118,189	29,340
-	24,468	5,681,482	21,634	(7,033,155)	9,376,365	29,340
-	-	-	3,794	-	7,484,100	-
-	-	-	-	-	1,090,785	-
-	-	-	-	(707,736)	1,526,571	-
-	-	-	-	(26,693)	1,512,651	-
-	183,916	-	23,669	(1,527,859)	3,782,213	1,798,481
-	-	-	2,501	-	2,020,032	101,271
-	-	5,586,049	-	(5,235,365)	1,956,305	-
-	-	965,879	-	-	965,879	-
-	183,916	6,551,928	29,964	(7,497,653)	20,338,536	1,899,752
-	(159,448)	(870,446)	(8,330)	464,498	(10,962,171)	(1,870,412)
-	-	1,380,859	-	-	7,493,038	-
-	-	-	-	-	2,435,600	-
-	-	14,159	-	(464,498)	1,610,302	-
-	-	-	-	-	2,757,927	-
-	-	243	-	-	197,241	2,264,143
-	-	(30,777)	-	-	(30,777)	-
-	146,864	1,502,050	2,752	-	1,664,510	707,984
-	-	2,729	-	-	2,729	-
-	146,864	2,869,263	2,752	(464,498)	16,130,570	2,972,127
-	(12,584)	1,998,817	(5,578)	-	5,168,399	1,101,715
-	-	2,551,920	-	-	-	-
-	(12,584)	4,550,737	(5,578)	-	5,168,399	1,101,715
-	13,349	19,426,346	15,272	-	(7,391,886)	8,740,157
$ -	$ 765	$ 23,977,083	$ 9,694	$ -	$ (2,223,487)	$ 9,841,872

Alpena Community College

Combining Statement of Net Position

June 30, 2020

	General Fund	Designated Fund	Auxiliary Activities Fund	Unfunded Pension and OPEB Liability Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 5,852,227	$ 100	$ 1,800	$ -	$ 590
State appropriations receivable	712,084	16,500	-	-	-
Accounts receivable	2,626,368	10,975	6,971	-	-
Prepaid expense	5,938	-	-	-	2,167
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	-	-	-	-	228,152
Inventories	5,200	-	710,307	-	-
Insurance funds on deposit	611,484	-	-	-	-
Due from (to) other funds	(1,173,679)	94,657	(349,844)	-	51,417
Total Current Assets	8,639,622	122,232	369,234	-	282,326
Restricted investments	-	-	-	-	-
Split interest investments	-	-	-	-	-
Other investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Total Assets	8,639,622	122,232	369,234	-	282,326
Deferred Outflows of Resources					
Related to pensions	-	-	-	7,197,778	-
Related to OPEB	-	-	-	1,592,182	-
Total Deferred Outflows of Resources	-	-	-	8,789,960	-
Total Assets and Deferred Outflows of Resources	$ 8,639,622	$ 122,232	$ 369,234	$ 8,789,960	$ 282,326
Liabilities and Net Position					
Current Liabilities					
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -
Accounts payable	1,069,654	-	-	-	233,461
PPP loan payable	2,435,600	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	881,493	9,332	8,548	-	22,800
Deposits	-	-	26,800	-	-
Unearned student tuition and fees	2,563,728	-	136,634	-	-
Unearned revenue - special events	-	-	-	-	-
Total Current Liabilities	6,950,475	9,332	171,982	-	256,261
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	26,219,184	-
Net OPEB liability	-	-	-	5,456,362	-
Accrued compensated balances	189,426	16,061	13,656	-	6,762
Total Liabilities	7,139,901	25,393	185,638	31,675,546	263,023
Deferred Inflows of Resources					
Related to pensions	-	-	-	2,197,267	-
State aid for pension	-	-	-	874,450	-
Related to OPEB	-	-	-	2,689,009	-
Total Deferred Inflows of Resources	-	-	-	5,760,726	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	-
Unrestricted					
Unallocated	1,499,721	96,839	183,596	(28,646,312)	19,303
Total Net Position	1,499,721	96,839	183,596	(28,646,312)	19,303
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 8,639,622	$ 122,232	$ 369,234	$ 8,789,960	$ 282,326

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 1,266,472	$ -	$ -	$ 7,121,189	$ 1,122,673
-	-	-	-	-	728,584	-
10,582	-	-	-	-	2,654,896	245
-	-	-	-	-	8,105	-
-	-	-	-	-	-	582,142
-	-	-	-	-	228,152	-
-	-	-	-	-	715,507	-
-	-	-	-	-	611,484	-
(10,582)	13,349	1,197,381	177,301	-	-	-
-	13,349	2,463,853	177,301	-	12,067,917	1,705,060
-	-	-	-	-	-	7,040,009
-	-	-	-	-	-	-
-	-	7,971	-	-	7,971	-
-	-	18,184,100	-	-	18,184,100	-
-	13,349	20,655,924	177,301	-	30,259,988	8,745,069
-	-	-	-	-	7,197,778	-
-	-	-	-	-	1,592,182	-
-	-	-	-	-	8,789,960	-
$ -	$ 13,349	$ 20,655,924	$ 177,301	$ -	$ 39,049,948	$ 8,745,069
$ -	$ -	$ 254,000	$ -	$ -	$ 254,000	$ -
-	-	-	-	-	1,303,115	962
-	-	-	-	-	2,435,600	-
-	-	6,578	-	-	6,578	-
-	-	-	162,029	-	1,084,202	-
-	-	-	-	-	26,800	-
-	-	-	-	-	2,700,362	-
-	-	-	-	-	-	3,950
-	-	260,578	162,029	-	7,810,657	4,912
-	-	969,000	-	-	969,000	-
-	-	-	-	-	26,219,184	-
-	-	-	-	-	5,456,362	-
-	-	-	-	-	225,905	-
-	-	1,229,578	162,029	-	40,681,108	4,912
-	-	-	-	-	2,197,267	-
-	-	-	-	-	874,450	-
-	-	-	-	-	2,689,009	-
-	-	-	-	-	5,760,726	-
-	-	16,961,100	-	-	16,961,100	-
-	13,349	-	-	-	13,349	6,924,880
-	-	2,465,246	15,272	-	(24,366,335)	1,815,277
-	13,349	19,426,346	15,272	-	(7,391,886)	8,740,157
$ -	$ 13,349	$ 20,655,924	$ 177,301	$ -	$ 39,049,948	$ 8,745,069

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2020

	General Fund	Designated Fund	Auxiliary Activities Fund	Unfunded Pension and OPEB Liability Fund	Restricted Fund
Revenue					
Operating Revenue					
Tuition and fees	$ 6,221,352	$ 352,403	$ -	$ -	$ -
Federal grants and contracts	10,480	16,500	-	-	3,557,402
State grants and contracts	-	-	-	-	183,372
Local grants and fees	-	-	-	-	14,500
Auxiliary activities	-	188,393	958,940	-	-
Indirect cost recovery	51,500	-	-	-	(51,500)
Current funds expenditures for equipment and capital improvements	-	-	-	-	-
Miscellaneous	112,533	382	-	-	-
Total Operating Revenue	6,395,865	557,678	958,940	-	3,703,774
Expenses					
Operating Expenses					
Instruction	7,665,092	13,841	-	41,405	16,282
Technology	994,441	82,477	87,720	4,178	-
Public services	-	177,833	18,951	404	1,371,471
Instructional support	1,420,318	3,211	-	7,223	49,187
Student services	1,413,240	330,275	772,419	10,023	2,913,620
Institutional administration	1,978,010	1,036	-	6,230	-
Operation and maintenance of plant	1,603,553	7,385	4,903	5,266	-
Depreciation	-	-	-	-	-
Total Operating Expenses	15,074,654	616,058	883,993	74,729	4,350,560
Operating Income (Loss)	(8,678,789)	(58,380)	74,947	(74,729)	(646,786)
Nonoperating Revenue (Expenses)					
State appropriations	6,361,464	-	-	(874,450)	-
Federal CARES Act Provisions	-	-	-	-	477,196
Property tax	2,688,545	-	-	-	-
Investment income	37,000	-	-	-	-
Interest on capital asset - related debt	-	-	-	-	-
Gifts and permanent endowments	-	17,323	-	-	33,442
Gain (loss) on sale of capital assets	-	-	2,200	-	-
Net Nonoperating Revenue (Expense)	9,087,009	17,323	2,200	(874,450)	510,638
Increase (Decrease) in Net Position	408,220	(41,057)	77,147	(949,179)	(136,148)
Transfers In (Out)	(393,014)	35,119	(52,693)	-	47,892
Net Increase (Decrease) in Net Position	15,206	(5,938)	24,454	(949,179)	(88,256)
Net Position - beginning of year, restated	1,484,515	102,777	159,142	(27,697,133)	107,559
Net Position - end of year	$ 1,499,721	$ 96,839	$ 183,596	$ (28,646,312)	$ 19,303

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 190,453	$ -	$ (1,905,306)	$ 4,858,902	$ -
-	-	-	-	-	3,584,382	-
-	18,038	-	-	-	201,410	-
-	-	-	-	-	14,500	-
-	-	-	-	-	1,147,333	-
-	-	-	-	-	-	-
-	-	2,568,573	-	(2,568,573)	-	-
-	-	-	16,503	-	129,418	18,281
-	18,038	2,759,026	16,503	(4,473,879)	9,935,945	18,281
-	-	-	3,109	-	7,739,729	-
-	-	-	-	(32,759)	1,136,057	-
-	-	-	-	(218,890)	1,349,769	-
-	-	-	-	(13,611)	1,466,328	-
-	158,799	-	11,118	(1,905,306)	3,704,188	1,510,215
-	-	-	6,274	-	1,991,550	115,360
-	-	2,433,490	-	(2,303,313)	1,751,284	-
-	-	996,749	-	-	996,749	-
-	158,799	3,430,239	20,501	(4,473,879)	20,135,654	1,625,575
-	(140,761)	(671,213)	(3,998)	-	(10,199,709)	(1,607,294)
-	-	500,000	-	-	5,987,014	-
-	-	-	-	-	477,196	-
-	-	-	-	-	2,688,545	-
-	-	1,604	-	-	38,604	93,471
-	-	(36,101)	-	-	(36,101)	-
-	133,733	1,220,590	6,236	-	1,411,324	443,878
-	-	2,952	-	-	5,152	-
-	133,733	1,689,045	6,236	-	10,571,734	537,349
-	(7,028)	1,017,832	2,238	-	372,025	(1,069,945)
-	(287)	362,983	-	-	-	-
-	(7,315)	1,380,815	2,238	-	372,025	(1,069,945)
-	20,664	18,045,531	13,034	-	(7,763,911)	9,810,102
$ -	$ 13,349	$ 19,426,346	$ 15,272	$ -	$ (7,391,886)	$ 8,740,157

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Alpena Community College
Alpena, Michigan

Report on the Financial Statements

We have audited, in accordance with the 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, the financial statements of Alpena Community College, of business-type activities and its discretely presented component unit as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alpena Community College's basic financial statements, and have issued our report thereon dated October 14, 2021. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alpena Community College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpena Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpena Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpena Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Straley Lamp & Kraenzlein P.C.

Alpena, Michigan
October 14, 2021

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

Philip T. Straley, CPA/PFS
Bernard R. Lamp, CPA
James E. Kraenzlein, CPA/ABV/CFF
Gary C. VanMassenhove, CPA
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Jeff A. Taphouse, CPA
John D. Faulman, CPA
Andrew R. Lamp, CPA
Chelsea A. McConnell, CPA
Leah M. Cox, CPA
Nicholas L. Cordes, CPA
Robert D. Ilsley
J. Michael Kearly

Communication with Those Charged with Governance

To the Board of Trustees
Alpena Community College
Alpena, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Alpena Community College for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters dated August 11, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practi*ces

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alpena Community College are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Alpena Community College changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of July 1, 2019 in the statement of net position and statement of revenues, expenses and changes in net position. We noted no transactions entered into by Alpena Community College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Alpena Community College's financial statements were:

- Management's estimate of the depreciation expense is based on management's assumptions about the useful lives of its fixed assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole;

- Management's estimate of its pension, OPEB liabilities, deferred inflows of resources, and deferred outflows of resources which is based upon actuarial valuations which considers such assumptions as the long-term expected return on plan assets, discount rates, future employee wages, inflation, mortality rates, and cost of living adjustments.

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- Management's estimate of the allowance for uncollectible receivable balances is based on past collection experience and future expectation for collection of various account balances.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of Pension and OPEB information in Note 4 to the financial statements because of assumptions used in the calculations of these liabilities.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alpena Community College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Alpena Community College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and pension and OPEB schedules, as identified in the table of contents, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements, as identified in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United State of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Recent Pronouncements.

The Governmental Accounting Standards Board, in its continuing process of updating the accounting principles that all governments must adhere to, has issued the following recent pronouncements that will have an impact on the way Alpena Community College maintains its financial records:

Upcoming GASB Statements that may impact the College:

A. GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable as a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government leasing activities.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the implementation date for GASB Statement No. 87 to periods beginning after June 15, 2021 (the Alpena Community College's June 30, 2022 fiscal year).

B. GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the implementation date for GASB Statement No. 89 to periods beginning after December 15, 2020 (the Alpena Community College's June 30, 2022 fiscal year).

C. GASB Statement No. 91 – Conduit Debt Obligations. This Statement clarifies the existing definition of a conduit debt obligation and establishes that a conduit debt obligation is not a liability of the issuer. The Statement eliminates diversity in practice and provides a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the implementation date for GASB Statement No. 91 to periods beginning after December 15, 2021 (the Alpena Community College's June 30, 2023 fiscal year).

D. **GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements** – This statement addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset (such as infrastructure or other capital asset) for a period of time in exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Educational Service District is currently evaluating the impact this standard will have on the financial statements when adopted.

   The requirements of this statement are effective for reporting periods beginning after June 15, 2022, (the Alpena Community College's June 30, 2023 fiscal year).

E. **GASB Statement No. 96, Subscription-Based Information Technology Arrangements –** This statement expands on the new guidance for leases (GASB Statement No. 87) and applies it to subscription-based information technology arrangements ("SBITAs). Governments that have agreements that meet the definition of a SBITA will report a right-to-use subscription asset, with a corresponding subscription liability and be required to disclose additional information. The Educational Service District is currently evaluating the impact this standard will have on the financial statements when adopted.

   The requirements of this statement are effective for reporting periods beginning after June 15, 2022, (the Alpena Community College's June 30, 2023 fiscal year).

F. **GASB Statement No. 97, Certain Component Unit Criteria and IRC Section 457 Deferred Compensation Plans** – This statement amends GASB Statements No. 14 and No. 84, and is a supersession of GASB Statement No. 32. The new statement amends the requirements for when to report defined contribution pension plans (such as 401k and 403b plans) as fiduciary component units and how to account for Section 457 deferred compensation plans. The Educational Service District is currently evaluating the impact this standard will have on the financial statements when adopted.

   The requirements of this statement are effective for reporting periods beginning after June 15, 2021, (the Alpena Community College's June 30, 2022 fiscal year).

Restriction on Use

This report is intended solely for the information and use of the Alpena Community College, Michigan Department of Education, Management, and others within the governmental unit and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff of Alpena Community College for their assistance during the audit.

We commend the College for its excellent recordkeeping system and appreciate the opportunity to serve Alpena Community College. If you have any questions, or if we can be of further service, please do not hesitate to contact us.

Very truly yours,

Straley Lamp & Kraenzlein P.C.

October 14, 2021