ALPENA COMMUNITY COLLEGE

Audited Financial Statements
Years Ended June 30, 2024 and 2023

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 Audit of the Financial Statements

Opinions

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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, 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 the College as of June 30, 2024 and 2023, 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.

Basis for Opinions

We conducted our audit 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 22, 2024 on our consideration of the 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 the 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 the College's internal control over financial reporting and compliance.

Straley Lamp & Kraenzlein P.C.

Alpena, Michigan
October 22, 2024

The following is management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2024. 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 $32.4 billion and the reported OPEB liability (asset) is approximately $(565.7) million. The College's allocated unfunded pension portion is $21,947,077, or 0.06780891% of the total, and the OPEB overfunded portion is $387,489, or 0.06849747%. 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 (asset), 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 assets and deferred outflows of resources of Alpena Community College exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $12,056,590. The balance is reduced substantially by the inclusion of the unfunded pension liabilities.

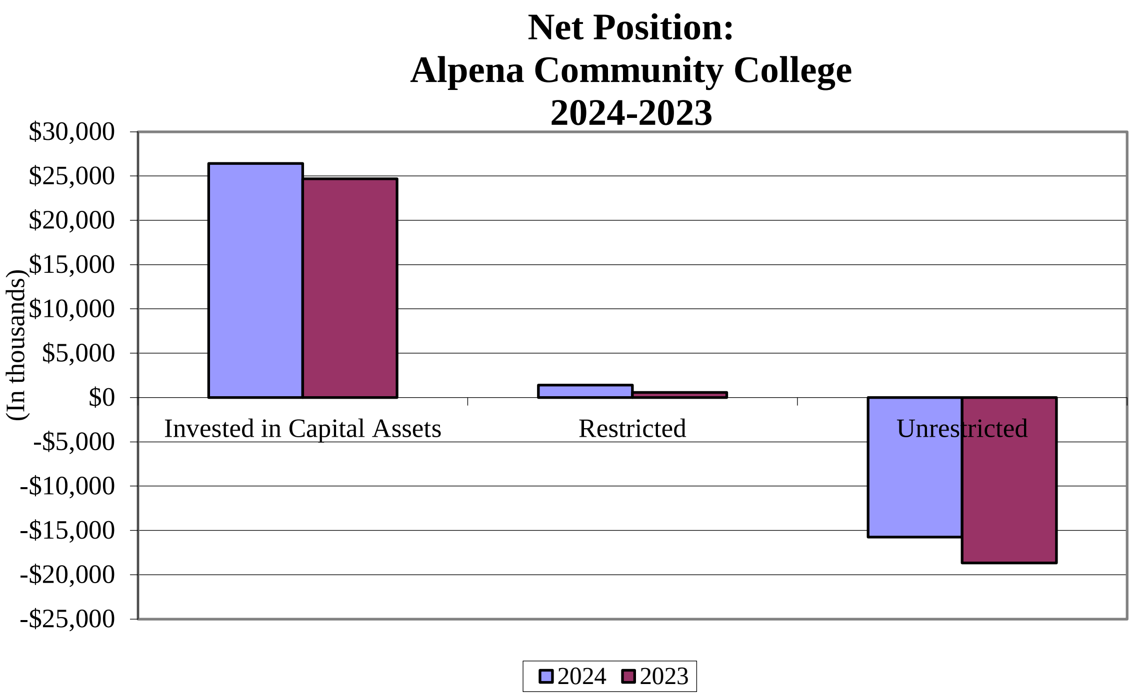
- Student credit hour enrollment for the year increased by 3.7% to 26,904.

- In-district students generate approximately 38.8% of credit hours.

- Changes in the unfunded pension liability and OPEB liability (asset) continue to be a challenge; however, this year the College recorded recaptured expenses of $3,878,826 and State UAAL pension appropriations allocated to Deferred Outflow of $1,282,561 in that fund. Capital acquisitions, less depreciation, increased the net position in the plant fund by over $2.03 million. General Fund net position increased by $224,480. In summary, the College's net position increased by $5,499,713.

- Operating revenues accounted for 45% of the total revenues of the College while non-operating revenues account for 55%.

- The College experienced an operating loss of $7,771,747 as reported in the statement of revenues, expenses, and changes in net position. State appropriations of $6,896,290, Federal CARES Act support through an EDA grant of $1,694,123, gifts of $1,270,844, local property tax of $3,179,897, investment income of $312,538 and other non-operating revenue/(expenses) of $(82,321), offsets all of the operating loss, leaving an increase of $5,499,713. The General Fund net position increased by $224,480 to $2,779,798.



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.

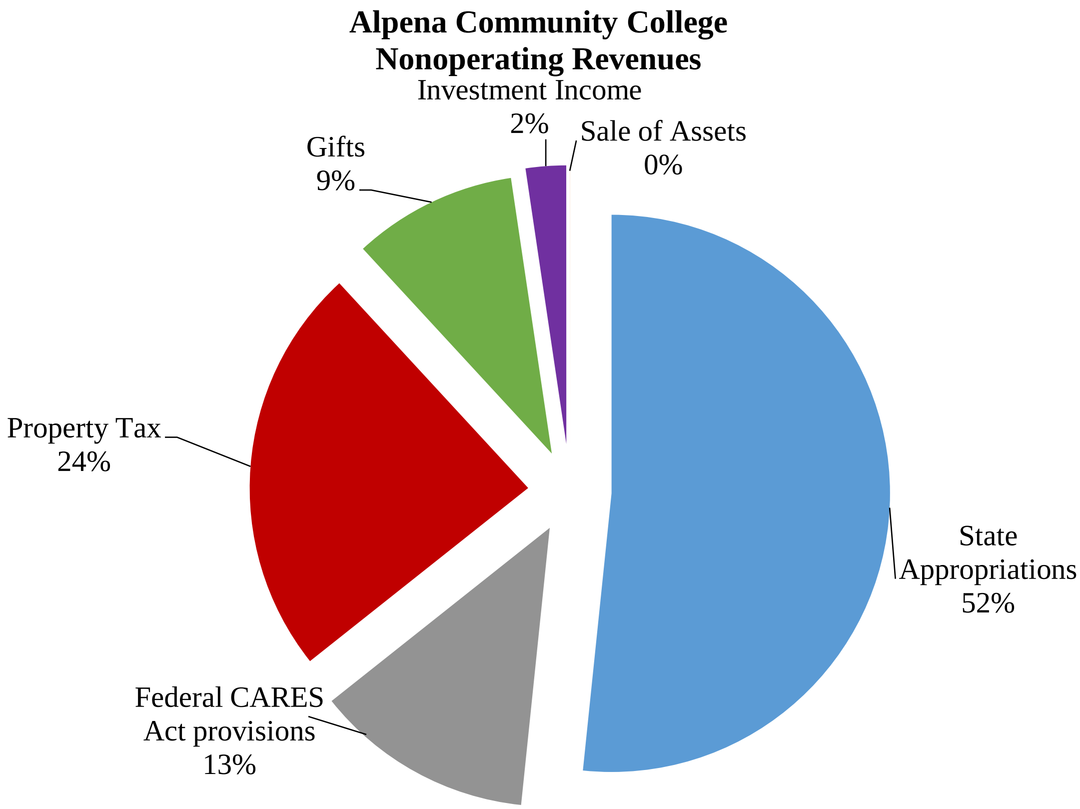
The College records all assets and liabilities on an accrual basis, which is similar to the accounting used by most private-sector institutions. The College takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

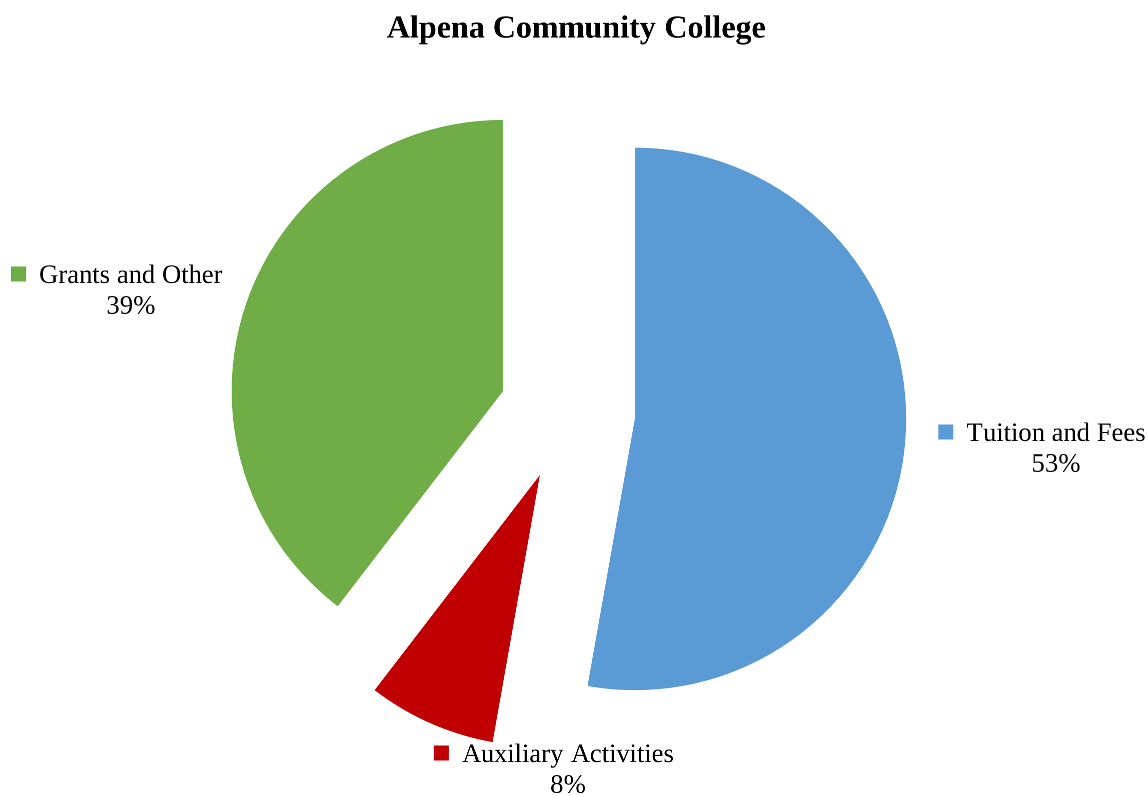
Net Position, End of Year
(in thousands)

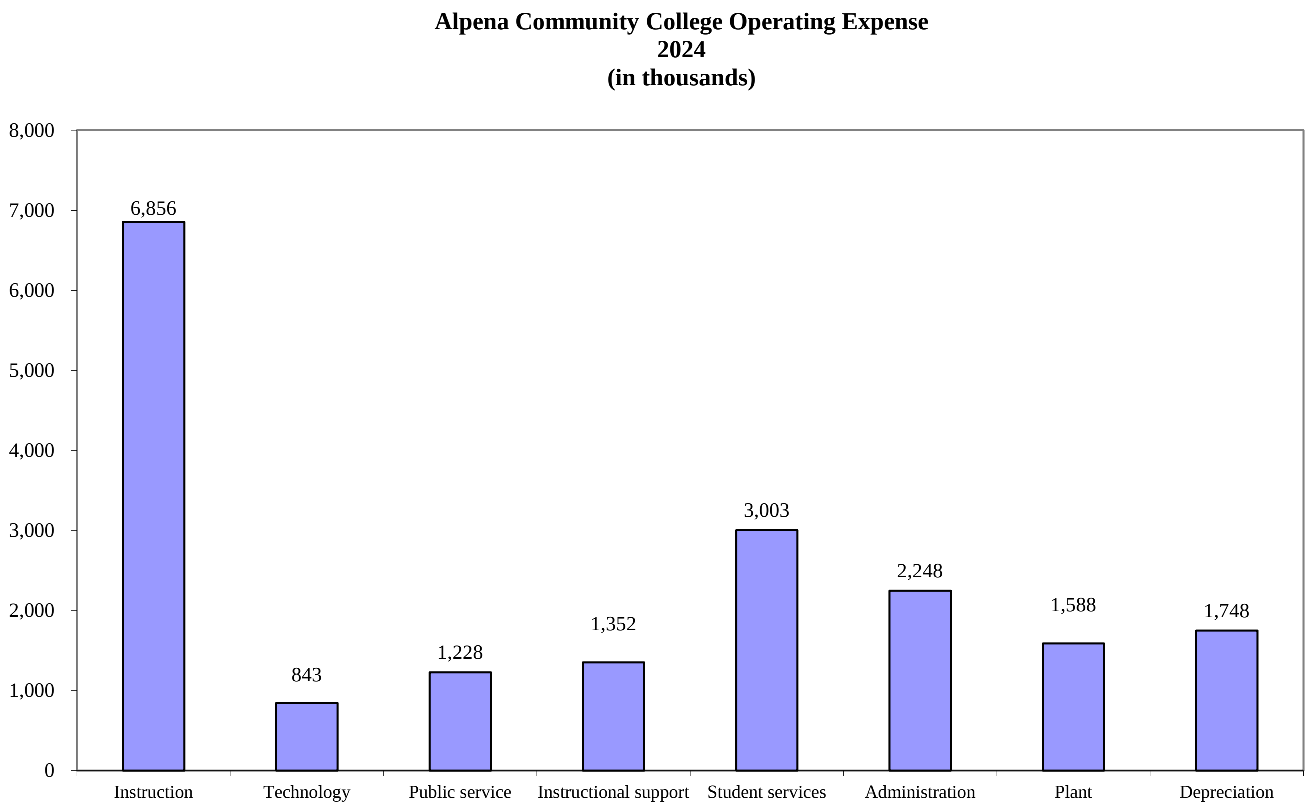
	Alpena Community College		Alpena Community College Foundation	
	6/30/2024	6/30/2023 (Restated)*	6/30/2024	6/30/2023
Current and other assets	$ 14,538	$ 12,703	$ 11,334	$ 9,249
Funded OPEB asset	387	-	-	-
Capital assets, net	28,865	27,421	-	-
Total Assets	43,790	40,124	11,334	9,249
Deferred Outflows of Resources	7,331	9,893	-	-
Total Assets and Deferred Outflows	51,121	50,017	11,334	9,249
Current liabilities	5,774	5,112	25	29
Unfunded pension liability	21,947	27,196	-	-
Unfunded OPEB liability	-	1,495	-	-
Other noncurrent liabilities	2,361	2,648	-	-
Total Liabilities	30,082	36,451	25	29
Deferred Inflows of Resources	8,983	7,009	-	-
Net Position				
Invested in capital assets net of related debts	26,427	24,675	-	-
Restricted	1,394	559	8,529	6,911
Unrestricted	(15,764)	(18,677)	2,779	2,309
Total Net Position	12,057	6,557	11,308	9,220
Total Liabilities and Net Position	$ 51,121	$ 50,017	$ 11,334	$ 9,249
Increase (decrease) in Net Position	$ 5,500		$ 2,088	

*See page 10.

Operating and non-operating revenues and operating expenses for the fiscal year ended June 30, 2024:






Alpena Community College Operating Expense
2024
(in thousands)
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
6,856
843
1,228
1,352
3,003
2,248
1,588
1,748
Instruction
Technology
Public service
Instructional support
Student services
Administration
Plant
Depreciation

Operating Results for the Year
2024-2023
(in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Operating Revenues				
Tuition and fees	$ 5,856	$ 5,323	$ -	$ -
Grants and contracts	3,439	3,319	-	-
Auxiliary activities	847	745	-	-
Other	952	178	42	34
Total Operating Revenues	11,094	9,565	42	34
Operating Expenses	18,866	18,913	795	2,072
Net Operating Revenues(Expenses)	(7,772)	(9,348)	(753)	(2,038)
Non-operating Revenues				
State appropriations	6,896	6,434	-	-
Federal CARES Act provisions	1,694	699	-	-
Other non-operating revenues	4,682	4,996	2,841	3,877
Net Non-operating Revenues	13,272	12,129	2,841	3,877
Increase (Decrease) in Net Position	5,500	2,781	2,088	1,839
Net Position - beginning of year, restated*	6,557	3,776	9,220	7,381
Net Position - end of year	$ 12,057	$ 6,557	$ 11,308	$ 9,220

*As disclosed in Note 13, there was a prior period adjustment discovered in the current year as certain capital assets were identified that had not been properly depreciated affecting fiscal years beginning prior to July 1, 2022. Consequently, this caused a restatement of capital assets, net and beginning net position for the year ended June 30, 2023 in the amount of $161,649.

Operating Revenues

Operating revenue changes were the result of the following factors:

- Tuition and fees increased by $532,761 due to an increase in enrollments and tuition rates, and Pell grant awards used for tuition and fees increased by $210,105, causing a net increase in operational tuition and fees of 10.0%. A portion of the increase in fees is attributed to learning materials being provided through course fees which were previously through auxiliary activities.
- Federal grants and contracts experienced an increase of $240,407, 7.5%.
- State grants and contracts increased by $690,613, 575.2%.

Non-operating Revenues

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

- State General Fund operation appropriations, of just under $6.9 million, up about $450,000 from last year.
- Property tax revenue was higher by 6.9% than last year as taxable valuations increased.
- Investment income showed $312,538 of earnings due to market values rising from last year with funds on deposit associated with the College's risk management association and an increase in interest rates in the College's money market account.

Operating Expenses

Operating expense changes were the result of the following factors:

- Adjustments in unfunded liability income and expenses caused a negative adjustment of over $3,878,826 this year and influenced all areas of the College. The following percentages remove the unfunded pension and OPEB adjustment from the calculation:
- Instructional costs rose by 3.5% due to contractual obligations.
- Technology operating costs decreased by 31.3% due to lower acquisitions of technology equipment compared to the prior year.
- Public services increased by 35.0% due to an increase in state financial aid programs and scholarships.
- Instructional support decreased 14.6% due to staffing adjustments and retirement turnover.
- Student services decreased by 5.1% primarily due to contractual obligations.
- Institutional administration increased by 9.8% due to legal fees and contracted wage increases.
- Operation and maintenance of plant cost increased 6.0% due to contractual obligations and energy price 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
2024-2023
(in thousands)

	Alpena Community College		Alpena Community College Foundation	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Cash provided (used) by:				
Operating activities	$ (9,857)	$ (11,323)	$ (1,766)	$ (2,437)
Non-capital financing activities	12,014	13,792	1,737	3,142
Capital and related financing activities	(1,526)	(2,459)	1,014	407
Investing activities	(173)	179	(1,090)	(999)
Net increase (decrease) in cash	458	189	(105)	113
Cash, beginning of the year	6,712	6,523	223	110
Cash, end of the year	$ 7,170	$ 6,712	$ 118	$ 223

The College's liquidity increased during the year by $458,130. The College provides the following information to help the reader better understand the cash flows presented above.

Alpena Community College

Cash flow increased due to reimbursements from the EDA Manufacturing Excellence renovation project and additional federal and state grant programs.

Alpena Community College Foundation

The Foundation's liquidity decreased due to transfer of funds to the College for the EDA Manufacturing Excellence 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. A significant ongoing project in FY 2024 is the United States Economic Development Administration's 80% funded $3 million Manufacturing Technology lab renovations in the Besser Technology Center and Annex (EDA Manufacturing Excellence project).

Effective in FY 2023, Governmental Accounting Standards Board introduced GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This standard requires that the College capitalize software subscriptions to recognize the long-term nature of multi-year contracts. The College entered into a five-year agreement with our student information system provider beginning on January 1, 2023. The agreement covers the implementation costs as well as the annual payments due each July. The total estimated cost for the software is about $2,400,000, with an implementation cost of about $600,000, of which about $200,000 has been billed for in FY 2024. In addition, there are a couple of much smaller subscriptions that fall under this standard.

Capital Assets, Net, at Year-End
2024-2023
(in thousands)

	Alpena Community College		Alpena Community CollegeFoundation		Totals	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Land	$ 340	$ 340	$ -	$ -	$ 340	$ 340
Construction in progress	2,789	846	-	-	2,789	846
Land improvements	1,156	1,156	-	-	1,156	1,156
Buildings	41,028	40,876	-	-	41,028	40,876
Furniture, fixtures					-	-
and equipment	6,369	5,505	-	-	6,369	5,505
Right-of-use SBITAs	2,859	2,741	-	-	2,859	2,741
Vehicles	679	679	-	-	679	679
Books	300	360	-	-	300	360
Totals	55,520	52,503	-	-	55,520	52,503
					-	-
Depreciation	26,655	25,082	-	-	26,655	25,082
Net	$ 28,865	$ 27,421	$ -	$ -	$28,865	$ 27,421

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 $442,000 of long-term debt. However, with the addition of GASB 96 the College now has an additional amount of debt recognized for subscription liabilities of $1,995,148 as of June 30, 2024, resulting in the total debt of $2,437,148. The College has a $12,056,590 net position, despite the inclusion of ($23,211,386) of net pension and OPEB (liabilities)/assets included in the total net position (see page 3).

Economic Factors That Will Affect the Future

During FY 2024, the College received State appropriated funds to replace the personal property tax eliminated from the tax rolls for the amount of $180,049. This amount cannot be accurately estimated due to the complexities of the State's calculation.

The College's State appropriation increase for FY 2025 is 2.5%.

There is modest growth anticipated over the next two years that would limit significant additional local tax support. The College experienced a 7.4% increase in Fall contact hour enrollment for FY 2025. The College had budgeted a one percent decrease in enrollments.

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. This effort is enhanced by the award of a $4.6 million grant through the Michigan Public Service Commission to build a 6-acre solar array to help provide advanced training on green energy solutions and grid integration. The project is scheduled to begin in FY 2025.
- 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.
- Expand on campus housing through the construction of a new 32-bed $4.7 million student housing building that is partially funded by a $1.7 million grant from the United States Department of Agriculture – Rural Development – Community Facilities.
- 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

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Financial Statements

Alpena Community College

Statement of Net Position

	Alpena Community College June 30 2024	Alpena Community College June 30 2023 (Restated)	A.C.C. Foundation June 30 2024	A.C.C. Foundation June 30 2023
Assets				
Current Assets				
Cash and cash equivalents	$ 7,169,764	$ 6,711,634	$ 117,580	$ 222,935
Restricted investments	496,626	-	-	-
State appropriations receivable	1,459,583	1,340,215	-	-
Accounts receivable	3,537,488	2,804,520	-	-
Prepaid expenses	6,326	10,215	1,800	6,060
Contributions receivable	-	-	131,642	153,428
Federal and state grants receivable	997,375	1,071,099	-	-
Inventories	6,351	5,571	-	-
Insurance funds on deposit	864,500	760,215	-	-
Total Current Assets	14,538,013	12,703,469	251,022	382,423
Investments	-	-	11,082,728	8,866,631
Capital assets, net	28,864,498	27,421,175	-	-
Net OPEB asset	387,489	-	-	-
Total Assets	43,790,000	40,124,644	11,333,750	9,249,054
Deferred Outflows of Resources				
Related to pensions	6,049,219	7,981,504	-	-
Related to OPEB	1,281,790	1,911,362	-	-
Total Deferred Outflows of Resources	7,331,009	9,892,866	-	-
Total Assets and Deferred Outflows of Resources	$ 51,121,009	$ 50,017,510	$ 11,333,750	$ 9,249,054
Liabilities and Net Position				
Current Liabilities				
Current portion of debt obligations	$ 473,029	$ 507,618	$ -	$ -
Accounts payable	568,570	800,802	6,805	12,096
Accrued interest payable	69,524	2,658	-	-
Accrued payroll and related liabilities	1,098,707	974,591	-	-
Due to other governments	2,355	-	-	-
Deposits	42,132	35,450	-	-
Unearned revenue	27,000	55,200	18,685	16,600
Unearned student tuition, housing, and fees	3,492,807	2,735,547	-	-
Total Current Liabilities	5,774,124	5,111,866	25,490	28,696
Long-term debt obligations	1,964,119	2,238,927	-	-
Net pension liability	21,947,077	27,196,170	-	-
Net OPEB liability	-	1,495,035	-	-
Accrued compensated balances	396,292	409,323	-	-
Total Liabilities	30,081,612	36,451,321	25,490	28,696
Deferred Inflows of Resources				
Related to pensions	4,292,018	1,661,904	-	-
State aid for pension	1,282,561	1,841,756	-	-
Related to OPEB	3,408,228	3,505,652	-	-
Total Deferred Inflows of Resources	8,982,807	7,009,312	-	-
Net Position				
Invested in capital assets, net of related debt	26,427,350	24,674,630	-	-
Restricted for:				
Expendable scholarships and grants	843,595	505,586	8,528,801	6,910,909
Capital projects	550,088	53,462	-	-
Unrestricted	(15,764,443)	(18,676,801)	2,779,459	2,309,449
Total Net Position	12,056,590	6,556,877	11,308,260	9,220,358
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 51,121,009	$ 50,017,510	$ 11,333,750	$ 9,249,054

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position

	Alpena Community College		A.C.C. Foundation	
	Years Ended June 30		Years Ended June 30	
	2024	2023	2024	2023
Revenue				
Operating Revenue				
Tuition and fees (net of scholarship allowance of $1,517,886 and $1,307,781)	$ 5,856,110	$ 5,323,349	$ -	$ -
Federal grants and contracts	3,438,768	3,198,361	-	-
State grants and contracts	810,678	120,065	-	-
Auxiliary activities	847,224	744,640	-	-
Miscellaneous	140,902	178,419	41,650	34,496
Total Operating Revenue	11,093,682	9,564,834	41,650	34,496
Expenses				
Operating Expenses				
Instruction	6,856,156	7,017,773	-	-
Technology	843,176	1,393,478	-	-
Public services	1,227,736	926,748	-	-
Instructional support	1,352,373	1,573,619	-	-
Student services	3,002,596	2,957,559	638,751	1,963,649
Institutional administration	2,247,953	2,151,236	156,216	108,682
Operation and maintenance of plant	1,587,623	1,582,050	-	-
Depreciation/amortization	1,747,816	1,309,976	-	-
Total Operating Expenses	18,865,429	18,912,439	794,967	2,072,331
Operating Income (Loss)	(7,771,747)	(9,347,605)	(753,317)	(2,037,835)
Nonoperating Revenue (Expenses)				
State appropriations	6,896,290	6,434,213	-	-
Federal CARES Act provisions	1,694,123	698,446	-	-
Property tax	3,179,897	2,973,417	-	-
Investment income	312,538	178,830	1,126,041	675,611
Interest on capital asset - related debt	(82,898)	(20,303)	-	-
Gifts and permanent endowments	1,270,844	1,883,962	1,715,178	3,201,329
Gain (loss) on sale of capital assets	666	(20,336)	-	-
Net Nonoperating Revenue (Expense)	13,271,460	12,128,229	2,841,219	3,876,940
Increase (Decrease) in Net Position	5,499,713	2,780,624	2,087,902	1,839,105
Net Position - beginning of year, as previously stated	6,556,877	3,937,902	9,220,358	7,381,253
Correction of Error	-	(161,649)	-	-
Net Position - beginning of year, as restated	-	3,776,253	-	7,381,253
Net Position - end of year	$ 12,056,590	$ 6,556,877	$ 11,308,260	$ 9,220,358

	Alpena Community College		A.C.C. Foundation	
	Years Ended June 30		Years Ended June 30	
	2024	2023	2024	2023
Cash Flows from Operating Activities				
Tuition and fees	$ 5,825,202	$ 5,425,943	$ -	$ -
Grants and contracts	4,499,687	3,143,845	-	-
Payments to suppliers	(4,920,757)	(4,279,546)	(705,081)	(1,984,967)
Payments to employees	(16,275,940)	(16,536,566)	(88,832)	(78,941)
Auxiliary enterprise charges	874,224	744,639	-	-
Contributions restricted for long-term investments	-	-	(1,013,647)	(407,609)
Other	140,902	178,419	41,650	34,496
Net cash provided (used) for operating activities	(9,856,682)	(11,323,266)	(1,765,910)	(2,437,021)
Cash Flows from Noncapital Financing Activities				
State appropriation	8,059,483	9,010,521	-	-
Federal CARES Act Provisions	-	-	-	-
Property tax levy	3,179,897	2,973,417	-	-
Gifts	774,220	1,808,373	1,736,964	3,141,701
Net cash provided (used) by noncapital financing activities	12,013,600	13,792,311	1,736,964	3,141,701
Cash Flows from Capital and Related Financing Activities				
Federal support	1,517,606	-	-	-
Gifts	485,730	-	-	-
Capital acquisitions	(3,338,823)	(4,430,442)	-	-
Proceeds from sale of assets	1,393	2,167	-	-
Proceeds from issuance of debt	388,679	2,235,227	-	-
Principal paid on capital debt	(34,000)	(234,000)	-	-
Principal paid on SBITAs	(517,119)	(36,978)	-	-
Interest paid on debt	(16,031)	(20,807)	-	-
Contributions restricted for long-term investments	-	-	1,013,647	407,609
Change in compensated absences liability	(13,031)	25,123	-	-
Net cash provided (used) by capital and related financing activities	(1,525,596)	(2,459,710)	1,013,647	407,609
Cash Flows from Investing Activities				
Purchase of investments	(982,356)	-	(15,244,409)	(14,956,059)
Proceeds from sales and maturities of investment	496,626	-	13,928,535	13,767,282
Investment income (loss)	312,538	178,830	225,818	189,859
Net cash provided (used) by investing activities	(173,192)	178,830	(1,090,056)	(998,918)
Net Increase (Decrease) in Cash and Cash Equivalents	458,130	188,165	(105,355)	113,371
Cash and Cash Equivalents - beginning of the year	6,711,634	6,523,469	222,935	109,564
Cash and Cash Equivalents - end of the year	$ 7,169,764	$ 6,711,634	$ 117,580	$ 222,935

(continued)

	Alpena Community College		A.C.C. Foundation	
	Years Ending June 30		Years Ending June 30	
	2024	2023	2024	2023
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and cash equivalents	$ 7,169,764	$ 6,711,634	$ 117,580	$ 222,935
Reconciliation of Net Operating Expenses to Cash Used for Operating Activities:				
Operating income (loss)	$ (7,771,747)	$ (9,347,605)	$ (753,317)	$ (2,037,835)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation/amortization on capital assets	1,747,816	1,309,976	-	-
Bond amortization	-	1,992	-	-
Contributions restricted for long-term investments	-	-	(1,013,647)	(407,609)
Unfunded pension liability expense	(3,878,826)	(3,013,759)	-	-
(Increase) decrease in net assets:				
Accounts receivable	(732,968)	55,313	-	-
Federal and state grants receivable	250,238	(174,581)	-	-
Inventories	(780)	(239)	-	-
Insurance funds on deposit	(104,285)	(65,629)	-	-
Prepaid expenses	3,889	19,681	4,260	3,400
Increase (decrease) in liabilities:				
Accounts payable	(232,232)	(4,430)	(5,291)	2,803
Accrued payrolls and related liabilities	124,116	(154,766)	-	-
Due to other governments	2,355	-	-	-
Deposits	6,682	3,500	-	-
Deferred income - special events	(28,200)	55,200	2,085	2,220
Unearned student tuition and fees	757,260	(7,919)	-	-
Net cash used for operating activities	$ (9,856,682)	$ (11,323,266)	$ (1,765,910)	$ (2,437,021)

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 $246,315 and $202,368 as of June 30, 2024 and 2023, 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
Right-of-use SBITA	3-5 years
Library materials	10 years
Vehicles	4 years

Subscription Based Technology Arrangements. The College implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022.

The software amortization expense is included on the statement of activities related to the College's intangible asset of the software arrangements, which is included as intangible, right-to-use software arrangements in Note 3. The College now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for the software arrangement on the statement of net position.

The initial subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

Key estimates and judgments related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

a) The College uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

b) The subscription term includes the noncancellable period of the subscription. In addition, the subscription term includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise the option) and options to terminate (if it is reasonably certain that the government or SBITA vendor will exercise that option).

The College monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Additional disclosures on SBITA arrangements can be found in Notes 3 and 7.

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.

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 $3,334,215 and $2,588,170 for future semesters existed at June 30, 2024 and 2023, respectively.

Unearned Housing Rents and Deposits. The College purchased the College Park Apartments in May 2017. Deferred income for housing rent was $158,592 and $147,377 while security deposits totaled $42,000 and $35,450 at June 30, 2024 and 2023, respectively.

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

Compensated Absences. Compensated absences represent the accumulated liability to be paid under the College's current vacation and sick pay policies. 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 (asset), 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 (asset) 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	
	2024	2023
Designated for unreported insurance claims	$ 864,500	$ 760,215
Unrestricted and unallocated	(16,628,943)	(19,437,016)
Total unrestricted net position	$ (15,764,443)	$ (18,676,801)

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.

Leases. The College implemented Government Accounting Standards (GASB) Statement No. 87, *Leases*, as of July 1, 2021. The College does not have any material lease agreements to recognize as a lease liability or lease receivable as of June 30, 2024.

The College entered into a lease agreement commencing July 1, 2020 and ending June 30, 2024 with another University for the use of property and services at the College's campus. The entire lease payment is variable and is based on the future performance of the lessee. The College invoices the University semi-annually for the usage of property and services provided. For the year ended June 30, 2024 and 2023, the variable payments the College received under this lease agreement are $1,013 and $6,946, respectively.

Reclassification. Certain items reported in the June 30, 2023, 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 held a certificate of deposit with a local financial institution at June 30, 2024, which was the only investment as of that date. The investment is restricted for capital projects. The College did not maintain investments at June 30, 2023. The remaining 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.

The College's and Foundation's deposits and investments are included on the statement of net position under the following classifications at June 30, 2024:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 7,169,764	$ 117,580
Restricted investments	496,626	-
Investments	-	11,082,728
Total deposits and investments	$ 7,666,390	$ 11,200,308

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories at June 30, 2024:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking/savings accounts)	$ 7,167,564	$ 117,580
Investments in certificates of deposit	496,626	-
Investments in securities and similar vehicles	-	11,082,728
Petty cash and cash on hand	2,200	-
Total deposits and investments	$ 7,666,390	$ 11,200,308

The College's and Foundation's deposits and investments are included on the statement of net position under the following classifications at June 30, 2023:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 6,711,634	$ 222,935
Investments	-	8,866,631
Total deposits and investments	$ 6,711,634	$ 9,089,566

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, 2023:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking accounts, savings accounts and certificates of deposit)	$ 6,709,534	$ 222,935
Investments in securities and similar vehicles	-	8,866,631
Petty cash and cash on hand	2,100	-
Total deposits and investments	$ 6,711,634	$ 9,089,566

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’s only investment in a certificate of deposit as of June 30, 2024 is classified as a level 1 on the fair value hierarchy. The College had no assets that required the fair value measurement as of June 30, 2023.

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

The Foundation's investments are classified as the following on June 30, 2024:

	Level			
	Level 1	Level 2	Level 3	Total
Cash and money market	$ 64,914	$ -	$ -	$ 64,914
Multi-Asset Equity funds	2,825,377	-	-	2,825,377
Fixed Income Bond funds	-	3,972,971	-	3,972,971
International funds	508,814	-	-	508,814
Mid Cap funds	244,570	-	-	244,570
Large Cap funds	3,466,082	-	-	3,466,082
	$ 7,109,757	$ 3,972,971	$ -	$ 11,082,728

The Foundation's investments are classified as the following on June 30, 2023:

	Level			
	Level 1	Level 2	Level 3	Total
Cash and money market	$ 789,725	$ -	$ -	$ 789,725
Multi-Asset Equity funds	2,473,142	-	-	2,473,142
Fixed Income Bond funds	-	451,803	-	451,803
Small Cap funds	446,616	-	-	446,616
Mid Cap funds	917,972	-	-	917,972
Large Cap funds	3,787,373	-	-	3,787,373
	$ 8,414,828	$ 451,803	$ -	$ 8,866,631

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

Credit risk. 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.

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

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 $7,239,447 at June 30, 2024, and $6,780,904 at June 30, 2023. Of the bank balance, $6,989,447 at June 30, 2024, and $6,530,904 at June 30, 2023, 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. Of the College's investments in certificates of deposits of $496,626 at June 30, 2024, $246,626 was uninsured and exposed to custodial credit risk because it was not covered by Federal Deposit Insurance Corporation (FDIC) insurance.

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, 2024 and 2023 are as follows:

Description	Market Value
Investments – June 30, 2024	$11,082,728
Investments – June 30, 2023	$8,866,631

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Note 3. Property and Equipment.

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2024 as follows:

	Balances July 1, 2023	Additions	Retirements	Balances June 30, 2024	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	845,572	1,943,530	-	2,789,102	
	1,185,172	1,943,530	-	3,128,702	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	40,875,960	152,121	-	41,028,081	5-40
Furniture, fixtures, equipment	5,505,278	863,490	-	6,368,768	3-7
Right-of-use SBITAs	2,740,617	373,537	(255,396)	2,858,758	3-5
Vehicles	679,214	-	-	679,214	4
Library materials	360,215	6,145	(66,617)	299,743	10
	51,317,688	1,395,293	(322,013)	52,390,968	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buildings and improvements	(18,576,632)	(910,610)	-	(19,487,242)	5-40
Furniture, fixtures, equipment	(4,325,816)	(269,683)	-	(4,595,499)	3-7
Right-of-use SBITAs	(72,288)	(542,859)	108,440	(506,707)	3-5
Vehicles	(617,880)	(19,084)	-	(636,964)	4
Library materials	(332,665)	(5,580)	65,889	(272,356)	10
	(25,081,685)	(1,747,816)	174,329	(26,655,172)	
Net Capital Assets	$ 27,421,175	$1,591,007	$ (147,684)	$ 28,864,498	

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, 2023 as follows:

	Restated, Balances July 1, 2022	Additions	Retirements	Restated, Balances June 30, 2023	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	815,088	703,133	(672,649)	845,572	
	1,154,688	703,133	(672,649)	1,185,172	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	39,399,267	1,476,693	-	40,875,960	5-40
Furniture, fixtures, equipment	5,550,518	283,989	(329,229)	5,505,278	3-7
Right-of-use SBITAs	108,440	2,632,177	-	2,740,617	3-5
Vehicles	679,214	-	-	679,214	4
Library materials	1,032,687	8,389	(680,861)	360,215	10
	47,926,530	4,401,248	(1,010,090)	51,317,688	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buidlings and improvements	(17,685,438)	(891,194)	-	(18,576,632)	5-40
Furniture, fixtures, equipment	(4,345,554)	(309,491)	329,229	(4,325,816)	3-7
Right-of-use SBITAs	(36,144)	(36,144)	-	(72,288)	3-5
Vehicles	(571,807)	(46,073)	-	(617,880)	4
Library materials	(963,949)	(27,074)	658,358	(332,665)	10
	(24,759,296)	(1,309,976)	987,587	(25,081,685)	
Net Capital Assets	$ 24,321,922	$3,794,405	$ (695,152)	$ 27,421,175	

As of June 30, 2024, the College has additional architecture commitments of approximately $21,672 for the Economic Development Administration Manufacturing Excellence 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 plan and a fiduciary component unit of the State of Michigan that covers substantially all non-exempt employees of the College and 54.8% 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%	2.20% - 2.71%
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 – September 30, 2021	16.39% - 20.59%	7.57% - 8.43%
October 1, 2021 – September 30, 2022	16.73% - 20.93%	7.23% - 8.09%
October 1, 2022 – September 30, 2023	16.75% - 20.16%	7.21% - 8.07%
October 1, 2023 – June 30, 2024	16.90% - 23.03%	7.06% - 8.31%

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

Depending on the plan selected, plan member contributions range from 0 percent up to 10 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, 2024 and 2023 were $2,443,909 and $2,461,252, respectively. Contributions include $1,282,561 and $1,841,756 ($1,138,192 of UAAL and a one-time distribution of Section 147c(2) funding of $703,564) 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, 2024 and 2023. The College's required and actual contributions to OPEB for the years ended June 30, 2024 and June 30, 2023 were $533,592 and $537,670, 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, 2024 and 2023, the College reported a liability of $21,947,077 and $27,196,170, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023 and 2022, and the total pension liability for both years used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. 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, 2023 and 2022, the College's proportion was 0.06780891% and 0.07231347%, respectively, which was a decrease of .00450456%.

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

For the year ended June 30, 2024, the College recognized pension expense of $1,891,094. At June 30, 2024, 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	$ 692,802	$ 33,619
Changes of assumptions	2,973,929	1,714,700
Net difference between projected and actual earnings on pension plan investments	-	449,108
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	60,604	2,094,591
Reporting Unit contributions subsequent to the measurement date	2,321,884	-
Total	$ 6,049,219	$ 4,292,018

For the year ended June 30, 2023, the College recognized pension expense of $2,621,976. At June 30, 2023, 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	$ 272,057	$ 60,808
Changes of assumptions	4,673,277	-
Net difference between projected and actual earnings on pension plan investments	63,775	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	81,022	1,601,096
Reporting Unit contributions subsequent to the measurement date	2,891,373	-
Total	$ 7,981,504	$ 1,661,904

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

Net OPEB Liability (Asset), Deferrals, and OPEB Expense. At June 30, 2024 and 2023, the College reported a liability of $(387,489) and $1,495,035, respectively, for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30, 2023 and 2022, and the total OPEB liability (asset) used to calculate the net OPEB liabilities (assets) was determined by an actuarial valuation as of September 30, 2022. The College's proportion of the net OPEB liability (asset) 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, 2023 and 2022, the College's proportion was 0.06849747% and 0.07058501%, respectively, which was a decrease of 0.00208754%.

For the year ended June 30, 2024, the College recognized OPEB expense of $(848,241). At June 30, 2024, 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	$ -	$ 2,928,067
Changes of assumptions	862,618	103,876
Net difference between projected and actual earnings on OPEB investments	1,181	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	29,656	376,285
Reporting Unit contributions subsequent to the measurement date	388,335	-
Total	$ 1,281,790	$ 3,408,228

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

For the year ended June 30, 2023, the College recognized OPEB expense of $(771,679). At June 30, 2023, 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	$ -	$ 2,928,200
Changes of assumptions	1,332,572	108,506
Net difference between projected and actual earnings on OPEB investments	116,849	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	42,253	468,946
Reporting Unit contributions subsequent to the measurement date	419,688	-
Total	$ 1,911,362	$ 3,505,652

For the year ended June 30, 2024, 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
2024	$ 2,081,202	$ (533,234)
2025	(361,528)	(723,691)
2026	491,738	(329,135)
2027	(454,211)	(320,905)
2028	-	(219,473)

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

For the year ended June 30, 2023, 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
2023	$ 3,771,742	$ (315,971)
2024	638,131	(595,630)
2025	507,700	(501,652)
2026	1,402,027	(94,802)
2027	-	(86,235)

Actuarial Assumptions. The total pension liability in the September 30, 2022 and 2021 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:

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

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 —
2022: Pre-65: 7.50% Year 1 graded to 3.5% Year 15
Post-65: 6.25% Year 1 graded to 3.5% Year 15
2021: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3% Year 120
Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3% Year 120

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

Mortality

2022:
Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

2021:
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.

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 future retirees are assumed to elect coverage for 1 or more dependents

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability (asset) as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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, 2023, are summarized in the following table:

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.8%
Private equity pools	16.0%	9.6%
International equity pools	15.0%	6.8%
Fixed income pools	13.0%	1.3%
Real estate and infrastructure pools	10.0%	6.4%
Absolute return pools	9.0%	4.8%
Real Return / Opportunistic pools	10.0%	7.3%
Short term investment pools	2.0%	0.3%
TOTAL	100.0%	

**Long term rates of return are net of administration expenses 2.7% inflation for pension and OPEB.*

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.1%
Private equity pools	16.0%	8.7%
International equity pools	15.0%	6.7%
Fixed income pools	13.0%	(0.2)%
Real estate and infrastructure pools	10.0%	5.3%
Absolute return pools	9.0%	2.7%
Real Return / Opportunistic pools	10.0%	5.8%
Short term investment pools	2.0%	(0.5)%
TOTAL	100.0%	

**Long term rates of return are net of administration expenses 2% inflation for pension and OPEB.*

Rate of Return

For the fiscal year ended September 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.29% and (4.18)%, 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, 2023 and 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 7.94% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Discount Rate. For June 30, 2024, a discount rate of 6.00% was used to measure the total pension liability (for the Pension Plus plan, the Pension Plus 2 plan, and 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 6.00% (for the Pension Plus plan and the Pension Plus 2 plan). A discount rate of 6.00% was used to measure the total OPEB liability (asset). This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%.

For June 30, 2023, a discount rate of 6.00% was used to measure the total pension liability (for the Pension Plus plan, the Pension Plus 2 plan, and 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 6.00% (for the Pension Plus plan and the Pension Plus 2 plan). A discount rate of 6.00% was used to measure the total OPEB liability (asset). This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%.

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, 2024 calculated using the discount rate of 6.00 percent, (MIP Hybrid, Pension Plus and 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) 5.00% / 5.00% / 5.00%	Current Single Discount Rate (MIP, Pension Plus, Pension Plus 2) 6.00% / 6.00% / 6.00%	1% Increase (MIP, Pension Plus, Pension Plus 2) 7.00% / 7.00% / 7.00%
$29,650,436	$21,947,077	$15,533,751

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, 2023 calculated using the discount rate of 6.00 percent, (MIP Hybrid, Pension Plus and 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) 5.00% / 5.00% / 5.00%	Current Single Discount Rate (MIP, Pension Plus, Pension Plus 2) 6.00% / 6.00% / 6.00%	1% Increase (MIP, Pension Plus, Pension Plus 2) 7.00% / 7.00% / 7.00%
$35,888,841	$27,196,170	$20,033,018

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

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. As required by GASB Statement No. 75, the following table presents the College's net OPEB Liability (asset), as of June 30, 2024, calculated using a discount rate of 6.00%, as well as what the College's net OPEB liability (asset) 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 5.00%	Current Single Discount Rate 6.00%	1% Increase 7.00%
$401,710	$(387,489)	$(1,065,728)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. As required by GASB Statement No. 75, the following table presents the College's net OPEB liability (asset), as of June 30, 2023, calculated using a discount rate of 6.00%, as well as what the College's net OPEB liability (asset) 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 5.00%	Current Single Discount Rate 6.00%	1% Increase 7.00%
$2,507,777	$1,495,035	$642,180

Sensitivity of College's Proportionate Share of the Net OPEB Liability (Asset) to Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability (asset), as of June 30, 2024, calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability (asset) 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
$(1,067,419)	$(387,489)	$348,418

Sensitivity of College's Proportionate Share of the Net OPEB Liability (Asset) to Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability (asset), as of June 30, 2023, calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability (asset) 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
$626,049	$1,495,035	$2,470,488

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, 2024 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4406 for pension and 6.5099 for OPEB.

For the June 30, 2023 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922 for pension and 6.2250 for OPEB.

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

For the June 30, 2024 and 2023 report, recognition period for assets is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at michigan.gov/orsschools.

Payable to the Pension Plan. The College reported a payable of $233,192 and $206,944 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024 and 2023, 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.

The College's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2024, 2023 and 2022 were $488,963, $555,050, and $567,222, 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, 2024. These compensated absences include vacation and sick leave along with 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, 2024:

	Balances July 1, 2023	Additions	(Deductions)	Balances June 30, 2024	Due within one year
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	476,000	-	(34,000)	442,000	34,000
Total direct borrowings and direct placements	476,000	-	(34,000)	442,000	34,000
Other long-term obligations					
SBITA	2,270,545	388,679	(664,076)	1,995,148	439,029
Compensated absences	409,323	-	(13,031)	396,292	-
Total	$ 3,155,868	$ 388,679	$(711,107)	$ 2,833,440	$ 473,029

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2024 are as follows:

	Direct borrowings and direct placements		SBITA		
For the year ending June 30,	Principal	Interest	Principal	Interest	Annual Requirement
2025	$ 34,000	$ 13,790	$ 439,029	$ 73,678	$ 560,497
2026	34,000	12,730	465,320	53,474	565,524
2027	34,000	11,669	502,976	26,785	575,430
2028	34,000	10,608	547,187	5,295	597,090
2029	34,000	9,547	40,636	-	84,183
2030-2034	170,000	31,823	-	-	201,823
2035-thereafter	102,000	6,364	-	-	108,364
	$ 442,000	$ 96,531	$ 1,995,148	$ 159,232	$ 2,692,911

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

Long-term Debt obligations of the college consist of the following as of June 30, 2023:

	Balances July 1, 2022	Additions	(Deductions)	Balances June 30, 2023	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%	$ 200,000	$ -	$(200,000)	$ -	$ -
Total other debt	200,000	-	(200,000)	-	-
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	510,000	-	(34,000)	476,000	34,000
Total direct borrowings and direct placements	510,000	-	(34,000)	476,000	34,000
Other long-term obligations					
SBITA	72,296	2,235,227	(36,978)	2,270,545	473,618
Compensated absences	384,200	25,123	-	409,323	-
Total	$ 1,166,496	$ 2,260,350	$(270,978)	$ 3,155,868	$ 507,618

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 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.

SBITA Liability. At June 30, 2024, $1,995,148 has been recorded as a SBITA liability, as well as intangible, right-to-use software arrangements recognized as capital assets in the amount of $2,352,051, net of amortization. Due to the implementation of GASB Statement No. 96, these arrangements for accounting software met the criteria of a SBITA; thus, requiring it to be recorded by the College as intangible assets and a SBITA liability. There are no residual value guarantees in the arrangement provisions, outflows of resources, or variable payments not accounted for in the measurement of the subscription liability recognized during the fiscal year.

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

During the year ending June 30, 2023, the College entered into a five-year software arrangement for student information system software, commencing January 1, 2023, with annual payments due on the first day of the College's fiscal year, beginning July 1, 2023. The first annual payment due was $438,300, increasing by 3% per year. The College used a 4.33% discount rate for this arrangement, which is the estimated incremental borrowing rate on the day the agreement commenced. There is no option to purchase the software. During the year ending June 30, 2024, this agreement was amended and the payment due July 1, 2024 was decreased to $438,254, increasing by approximately 3% per year. Due to the amendment, the SBITA right-of-use asset and SBITA liability decreased by approximately $146,958 during the year ending June 30, 2024.

The College was party to another SBITA agreement to utilize learning management software. This SBITA agreement's term ended June 30, 2024 and had one remaining payment outstanding at June 30, 2023 of $36,318. In fiscal year ending June 30, 2024, the College renewed this agreement for an additional five years. Under this agreement, the annual payment is due on the first day of the College's fiscal year, with the first payment due of $37,718, increasing by approximately 3% per year. The College used a 5.25% discount rate for this arrangement, which is the estimated incremental borrowing rate on the day the agreement commenced.

The College entered a five-year SBITA agreement during the year ending June 30, 2024 for course scheduling platform software. The cost of this agreement in the first year is $36,975, due on April 1, 2024, with the payment increasing by 3% per year. The College used a 5.25% discount rate for this arrangement, which is the estimated incremental borrowing rate on the day the agreement commenced.

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 2023-2024 school year for Alpena Community College was established at $1,285,026,828 and $1,201,206,086 for the 2022-2023 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), which is adjusted by the provisions of the Headlee Amendment. After the Headlee Amendments rollback, the College's maximum allowable millage levy was 2.4806 mills for the year ending June 30, 2024.

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, 2024, the College's tax revenues were reduced under these programs and amounted to approximately $7,349. 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.

During the year ending June 30, 2024, the College entered into the following related party transactions:

Related Party	Amount	Description
ACC Foundation	$ 3,150	Scholarship funding
RA Townsend	1,572	Purchase of supplies
Jillian Seguin	1,200	Brochure design services

All related party transactions were conducted as arms-length arrangements.

Note 12. 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, 2024 and 2023 there was $28,072 and $27,332, respectively, of spendable funds and a total within the fund of $145,823 and $138,423, respectively. Grants approved by the Community Foundation for the College were $5,000 and $2,500 for the years ended June 30, 2024 and 2023, respectively.

Note 13. Prior Period Adjustment.

During the current year, it was discovered that certain depreciable capital assets were identified that had not been properly depreciated in error, affecting fiscal years beginning prior to July 1, 2022. In error, there were certain assets that were under-depreciated, which totaled $161,649. To correct this error, the beginning net position for fiscal year ending June 30, 2023 (the earliest period presented) of $3,937,902, as originally reported, has decreased to $3,776,253. In addition, the capital assets, net, has decreased from $27,582,824, as originally reported, to $27,421,175, for fiscal year ended June 30, 2023.

	Year Ended June 30, 2023
Beginning net position, as previously stated	$ 3,937,902
Correction of Error	(161,649)
Beginning net position, as restated	$ 3,776,253
Capital assets, net, as previously stated	$ 27,582,824
Correction of Error	(161,649)
Capital assets, net, as restated	$ 27,421,175

Note 14. Subsequent Events.

Management has evaluated subsequent events through October 22, 2024, the date on which the financial statements were available to be issued.

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)

	2023	**2022**	**2021**	**2020**
A. Reporting unit's proportion of net pension liability (%)	0.06781%	0.07231%	0.07837%	0.07790%
B. Reporting unit's proportionate share of net pension liability	$21,947,077	$27,196,170	$18,555,223	$26,759,219
C. Reporting unit's covered-employee payroll	$ 6,816,731	$ 6,821,457	$ 6,918,236	$ 6,781,504
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	321.96%	398.69%	268.21%	394.59%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%

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.

2019	2018	2017	2016	2015	2014
0.07917%	0.08224%	0.08447%	0.08835%	0.08574%	0.08598%
$26,219,184	$24,722,675	$21,890,919	$22,041,884	$20,940,911	$18,937,550
$ 6,640,739	$ 6,911,427	$ 6,915,242	$ 7,372,372	$ 7,455,745	$ 7,748,819
394.82%	357.71%	316.56%	298.98%	280.87%	244.39%
60.31%	62.36%	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)

	2024	**2023**	**2022**	**2021**
A. Statutorily required contributions	$2,443,909	$2,461,252	$2,353,257	$2,140,771
B. Contributions in relation to statutorily required contributions*	$2,443,909	$2,461,252	$2,353,257	$2,140,771
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$6,718,138	$7,091,610	$6,899,202	$6,877,472
E. Contributions as a percentage of covered-employee payroll	36.38%	34.71%	34.11%	31.13%

*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.

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.

2020	2019	2018	2017	2016	2015
$2,103,241	$2,239,399	$1,981,374	$1,983,880	$1,653,949	$1,335,262
$2,103,241	$2,239,399	$1,981,374	$1,983,880	$1,653,949	$1,335,262
$ -	$ -	$ -	$ -	$ -	$ -
$6,768,592	$6,732,893	$6,882,867	$6,956,035	$7,455,745	$7,748,819
31.07%	33.26%	28.79%	28.52%	22.18%	17.23%

Alpena Community College

Required Supplemental Information
Schedule of the Proportionate Share of the Net OPEB Liability (Asset)

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

	2023	**2022**	**2021**	**2020**
A. Reporting unit's proportion of net OPEB liability/asset (%)	0.06850%	0.07059%	0.07676%	0.07655%
B. Reporting unit's proportionate share of net OPEB liability (asset)	$ (387,489)	$ 1,495,035	$ 1,171,631	$ 4,101,234
C. Reporting unit's covered-employee payroll	$ 6,816,731	$ 6,821,457	$ 6,918,236	$ 6,781,504
D. Reporting unit's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll (%)	-5.68%	21.92%	16.94%	60.48%
E. Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%

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.

2019	2018	2017
0.07602%	0.08024%	0.08492%
$ 5,456,362	$ 6,378,315	$ 7,520,290
$ 6,640,739	$ 6,911,427	$ 6,915,242
82.16%	92.29%	108.75%
48.46%	42.95%	36.39%

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)

	2024	**2023**	**2022**	**2021**
A. Statutorily required contributions	$ 533,592	$ 537,670	$ 569,816	$ 540,877
B. Contributions in relation to statutorily required contributions*	$ 533,592	$ 537,670	$ 569,816	$ 540,877
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$6,718,138	$7,091,610	$6,899,202	$6,877,472
E. Contributions as a percentage of covered-employee payroll	7.94%	7.58%	8.26%	7.86%

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

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.

2020	2019	2018
$ 521,944	$ 520,841	$ 661,158
$ 521,944	520,841	661,158
$ -	$ -	$ -
$6,768,592	$6,732,893	$6,882,867
7.71%	7.74%	9.61%

Note 1 - Pension Information.

Changes in benefit terms:

2023 - There were no changes in benefit terms in 2023.

Changes in benefit assumptions:

2023 - Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Health Aunnuitant table.

2022 - Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%

Note 2 - OPEB Information.

Changes in benefit terms:

2023 - There were no changes in benefit terms in 2023.

Changes in benefit assumptions:

2023 - Healthcare cost trend rate:
•Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen

•Post 65 increased to 6.25% for year one and graded to 3.50% for year fifteen from 5.25% for year one and graded to 3.50% for year fifteen

Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

2022 - Discount rate decreased to 6.00% from 6.95%

2020 - Healthcare trend rate was updated to 7.0% Year 1 graded to 3.5% Year 15, 3.0% Year 120 from 7.5% Year 1 graded to 3.5% Year 12

Supplemental Information

Alpena Community College

Combining Statement of Net Position

June 30, 2024

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 7,162,003	$ 200	$ -	$ -	$ 7,561
Restricted investments	-	-	-	-	-
State appropriations receivable	1,459,583	-	-	-	-
Accounts receivable	3,460,433	48,938	-	-	-
Prepaid expense	6,326	-	-	-	-
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	-	-	-	-	122,412
Inventories	6,351	-	-	-	-
Insurance funds on deposit	864,500	-	-	-	-
Due from (to) other funds	(5,104,162)	529,720	770,501	-	712,915
Total Current Assets	7,855,034	578,858	770,501	-	842,888
Investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Net OPEB asset	-	-	-	387,489	-
Total Assets	7,855,034	578,858	770,501	387,489	842,888
Deferred Outflows of Resources					
Related to pensions	-	-	-	6,049,219	-
Related to OPEB	-	-	-	1,281,790	-
Total Deferred Outflows of Resources	-	-	-	7,331,009	-
Total Assets and Deferred Outflows of Resources	$ 7,855,034	$ 578,858	$ 770,501	$ 7,718,498	$ 842,888
Liabilities and Net Position					
Current Liabilities					
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -
Accounts payable	568,570	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	831,115	26,089	1,119	-	12,720
Due to other governments	-	-	-	-	2,355
Deposits	-	-	42,000	-	-
Unearned revenue	-	27,000	-	-	-
Unearned student tuition, housing, and fees	3,334,215	-	158,592	-	-
Total Current Liabilities	4,733,900	53,089	201,711	-	15,075
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	21,947,077	-
Accrued compensated balances	341,336	27,720	5,694	-	21,542
Total Liabilities	5,075,236	80,809	207,405	21,947,077	36,617
Deferred Inflows of Resources					
Related to pensions	-	-	-	4,292,018	-
State aid for pension	-	-	-	1,282,561	-
Related to OPEB	-	-	-	3,408,228	-
Total Deferred Inflows of Resources	-	-	-	8,982,807	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	806,271
Capital projects	-	-	-	-	-
Unrestricted					
Unallocated	2,779,798	498,049	563,096	(23,211,386)	-
Total Net Position	2,779,798	498,049	563,096	(23,211,386)	806,271
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 7,855,034	$ 578,858	$ 770,501	$ 7,718,498	$ 842,888

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ -	$ -	$ -	$ 7,169,764	$ 117,580
-	-	496,626	-	-	496,626	-
-	-	-	-	-	1,459,583	-
-	-	28,117	-	-	3,537,488	-
-	-	-	-	-	6,326	1,800
-	-	-	-	-	-	131,642
-	-	874,963	-	-	997,375	-
-	-	-	-	-	6,351	-
-	-	-	-	-	864,500	-
-	37,324	2,809,728	243,974	-	-	-
-	37,324	4,209,434	243,974	-	14,538,013	251,022
-	-	-	-	-	-	11,082,728
-	-	28,864,498	-	-	28,864,498	-
-	-	-	-	-	387,489	-
-	37,324	33,073,932	243,974	-	43,790,000	11,333,750
-	-	-	-	-	6,049,219	-
-	-	-	-	-	1,281,790	-
-	-	-	-	-	7,331,009	-
$ -	$ 37,324	$ 33,073,932	$ 243,974	$ -	$ 51,121,009	$ 11,333,750
$ -	$ -	$ 473,029	$ -	$ -	$ 473,029	$ -
-	-	-	-	-	568,570	6,805
-	-	69,524	-	-	69,524	-
-	-	-	227,664	-	1,098,707	-
-	-	-	-	-	2,355	-
-	-	-	132	-	42,132	-
-	-	-	-	-	27,000	18,685
-	-	-	-	-	3,492,807	-
-	-	542,553	227,796	-	5,774,124	25,490
-	-	1,964,119	-	-	1,964,119	-
-	-	-	-	-	21,947,077	-
-	-	-	-	-	396,292	-
-	-	2,506,672	227,796	-	30,081,612	25,490
-	-	-	-	-	4,292,018	-
-	-	-	-	-	1,282,561	-
-	-	-	-	-	3,408,228	-
-	-	-	-	-	8,982,807	-
-	-	26,427,350	-	-	26,427,350	-
-	37,324	-	-	-	843,595	8,528,801
-	-	550,088	-	-	550,088	-
-	-	3,589,822	16,178	-	(15,764,443)	2,779,459
-	37,324	30,567,260	16,178	-	12,056,590	11,308,260
$ -	$ 37,324	$ 33,073,932	$ 243,974	$ -	$ 51,121,009	$ 11,333,750

Alpena Community College

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Revenue					
Operating Revenue					
Tuition and fees	$ 6,778,172	$ 424,465	$ -	$ -	$ -
Federal grants and contracts	8,566	-	-	-	3,430,202
State grants and contracts	-	21,845	-	-	615,849
Auxiliary activities	-	425,849	420,975	-	400
Indirect cost recovery	46,892	-	-	-	(20,642)
Current funds expenditures for equipment and capital improvements	-	-	-	-	-
Miscellaneous	138,623	354	-	-	-
Total Operating Revenue	6,972,253	872,513	420,975	-	4,025,809
Expenses					
Operating Expenses					
Instruction	8,530,607	60,832	11,739	(2,030,662)	283,640
Technology	1,036,189	17,147	33,471	(243,631)	-
Public services	-	292,111	44,372	(58,779)	950,032
Instructional support	1,577,565	14,788	-	(299,956)	59,976
Student services	1,504,614	548,725	176,788	(455,083)	2,171,221
Institutional administration	2,701,126	-	-	(453,223)	-
Operation and maintenance of plant	1,919,557	8,831	8,222	(337,492)	-
Depreciation/amortization	-	-	-	-	-
Total Operating Expenses	17,269,658	942,434	274,592	(3,878,826)	3,464,869
Operating Income (Loss)	(10,297,405)	(69,921)	146,383	3,878,826	560,940
Nonoperating Revenue (Expenses)					
State appropriations	8,178,851	-	-	(1,282,561)	-
Federal support	-	-	-	-	-
Property tax	3,179,897	-	-	-	-
Investment income	301,642	-	-	-	-
Interest on capital asset - related debt	-	-	-	-	-
Gifts and permanent endowments	845	1,501	-	-	154,214
Gain (loss) on sale of capital assets	-	-	-	-	-
Net Nonoperating Revenue (Expense)	11,661,235	1,501	-	(1,282,561)	154,214
Increase (Decrease) in Net Position	1,363,830	(68,420)	146,383	2,596,265	715,154
Transfers In (Out)	(1,139,350)	293,970	(58,017)	-	(396,146)
Net Increase (Decrease) in Net Position	224,480	225,550	88,366	2,596,265	319,008
Net Position - beginning of year	2,555,318	272,499	474,730	(25,807,651)	487,263
Net Position - end of year	$ 2,779,798	$ 498,049	$ 563,096	$ (23,211,386)	$ 806,271

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 168,859	$ 2,500	$ (1,517,886)	$ 5,856,110	$ -
-	-	-	-	-	3,438,768	-
-	172,984	-	-	-	810,678	-
-	-	-	-	-	847,224	-
-	-	(26,250)	-	-	-	-
-	-	2,964,440	-	(2,964,440)	-	-
-	-	-	1,925	-	140,902	41,650
-	172,984	3,107,049	4,425	(4,482,326)	11,093,682	41,650
-	-	-	-	-	6,856,156	-
-	-	-	-	-	843,176	-
-	-	-	-	-	1,227,736	-
-	-	-	-	-	1,352,373	-
-	565,887	-	8,330	(1,517,886)	3,002,596	638,751
-	-	-	50	-	2,247,953	156,216
-	-	2,952,945	-	(2,964,440)	1,587,623	-
-	-	1,747,816	-	-	1,747,816	-
-	565,887	4,700,761	8,380	(4,482,326)	18,865,429	794,967
-	(392,903)	(1,593,712)	(3,955)	-	(7,771,747)	(753,317)
-	-	-	-	-	6,896,290	-
-	-	1,694,123	-	-	1,694,123	-
-	-	-	-	-	3,179,897	-
-	-	10,896	-	-	312,538	1,126,041
-	-	(82,898)	-	-	(82,898)	-
-	410,904	703,380	-	-	1,270,844	1,715,178
-	-	666	-	-	666	-
-	410,904	2,326,167	-	-	13,271,460	2,841,219
-	18,001	732,455	(3,955)	-	5,499,713	2,087,902
-	1,000	1,298,543	-	-	-	-
-	19,001	2,030,998	(3,955)	-	5,499,713	2,087,902
-	18,323	28,536,262	20,133	-	6,556,877	9,220,358
$ -	$ 37,324	$ 30,567,260	$ 16,178	$ -	$ 12,056,590	$ 11,308,260

Alpena Community College

Combining Statement of Net Position

June 30, 2023

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 6,703,997	$ 100	$ -	$ -	$ 7,537
State appropriations receivable	1,340,215	-	-	-	-
Accounts receivable	2,742,720	61,800	-	-	-
Prepaid expense	10,215	-	-	-	-
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	156,929	-	-	-	215,724
Inventories	5,571	-	-	-	-
Insurance funds on deposit	760,215	-	-	-	-
Due from (to) other funds	(4,661,583)	291,312	662,821	-	301,812
Total Current Assets	7,058,279	353,212	662,821	-	525,073
Investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Total Assets	7,058,279	353,212	662,821	-	525,073
Deferred Outflows of Resources					
Related to pensions	-	-	-	7,981,504	-
Related to OPEB	-	-	-	1,911,362	-
Total Deferred Outflows of Resources	-	-	-	9,892,866	-
Total Assets and Deferred Outflows of Resources	$ 7,058,279	$ 353,212	$ 662,821	$ 9,892,866	$ 525,073
Liabilities and Net Position					
Current Liabilities					
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -
Accounts payable	800,802	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	744,798	11,902	1,011	-	15,542
Deposits	-	-	35,450	-	-
Unearned revenue	13,200	42,000	-	-	-
Unearned student tuition, housing, and fees	2,588,170	-	147,377	-	-
Total Current Liabilities	4,146,970	53,902	183,838	-	15,542
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	27,196,170	-
Net OPEB liability	-	-	-	1,495,035	-
Accrued compensated balances	355,991	26,811	4,253	-	22,268
Total Liabilities	4,502,961	80,713	188,091	28,691,205	37,810
Deferred Inflows of Resources					
Related to pensions	-	-	-	1,661,904	-
State aid for pension	-	-	-	1,841,756	-
Related to OPEB	-	-	-	3,505,652	-
Total Deferred Inflows of Resources	-	-	-	7,009,312	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	487,263
Capital projects	-	-	-	-	-
Unrestricted					
Unallocated	2,555,318	272,499	474,730	(25,807,651)	-
Total Net Position	2,555,318	272,499	474,730	(25,807,651)	487,263
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 7,058,279	$ 353,212	$ 662,821	$ 9,892,866	$ 525,073

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ -	$ -	$ -	$ 6,711,634	$ 222,935
-	-	-	-	-	1,340,215	-
-	-	-	-	-	2,804,520	-
-	-	-	-	-	10,215	6,060
-	-	-	-	-	-	153,428
-	-	698,446	-	-	1,071,099	-
-	-	-	-	-	5,571	-
-	-	-	-	-	760,215	-
-	18,323	3,165,844	221,471	-	-	-
-	18,323	3,864,290	221,471	-	12,703,469	382,423
-	-	-	-	-	-	8,866,631
-	-	27,421,175	-	-	27,421,175	-
-	18,323	31,285,465	221,471	-	40,124,644	9,249,054
-	-	-	-	-	7,981,504	-
-	-	-	-	-	1,911,362	-
-	-	-	-	-	9,892,866	-
$ -	$ 18,323	$ 31,285,465	$ 221,471	$ -	$ 50,017,510	$ 9,249,054
$ -	$ -	$ 507,618	$ -	$ -	$ 507,618	$ -
-	-	-	-	-	800,802	12,096
-	-	2,658	-	-	2,658	-
-	-	-	201,338	-	974,591	-
-	-	-	-	-	35,450	-
-	-	-	-	-	55,200	16,600
-	-	-	-	-	2,735,547	-
-	-	510,276	201,338	-	5,111,866	28,696
-	-	2,238,927	-	-	2,238,927	-
-	-	-	-	-	27,196,170	-
-	-	-	-	-	1,495,035	-
-	-	-	-	-	409,323	-
-	-	2,749,203	201,338	-	36,451,321	28,696
-	-	-	-	-	1,661,904	-
-	-	-	-	-	1,841,756	-
-	-	-	-	-	3,505,652	-
-	-	-	-	-	7,009,312	-
-	-	24,674,630	-	-	24,674,630	-
-	18,323	-	-	-	505,586	6,910,909
-	-	53,462	-	-	53,462	-
-	-	3,808,170	20,133	-	(18,676,801)	2,309,449
-	18,323	28,536,262	20,133	-	6,556,877	9,220,358
$ -	$ 18,323	$ 31,285,465	$ 221,471	$ -	$ 50,017,510	$ 9,249,054

Alpena Community College

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund
Revenue				
Operating Revenue				
Tuition and fees	$ 6,044,490	$ 419,371	$ -	$ -
Federal grants and contracts	9,348	-	-	-
State grants and contracts	-	26,307	-	-
Auxiliary activities	-	367,473	377,167	-
Indirect cost recovery	32,575	-	-	-
Current funds expenditures for equipment and capital improvements	-	-	-	-
Miscellaneous	129,105	-	-	-
Total Operating Revenue	6,215,518	813,151	377,167	-
Expenses				
Operating Expenses				
Instruction	8,257,393	32,198	7,005	(1,565,841)
Technology	1,177,240	364,796	39,599	(188,157)
Public services	-	239,372	34,744	(26,392)
Instructional support	1,874,096	8,871	-	(360,092)
Student services	1,555,942	449,210	233,069	(331,217)
Institutional administration	2,427,449	-	-	(308,656)
Operation and maintenance of plant	1,782,219	27,864	9,796	(233,404)
Depreciation	-	-	-	-
Total Operating Expenses	17,074,339	1,122,311	324,213	(3,013,759)
Operating Income (Loss)	(10,858,821)	(309,160)	52,954	3,013,759
Nonoperating Revenue (Expenses)				
State appropriations	8,275,969	-	-	(1,841,756)
Federal support	-	-	-	-
Property tax	2,973,417	-	-	-
Investment income	178,823	-	-	-
Interest on capital asset - related debt	-	-	-	-
Gifts and permanent endowments	1,290	7,975	3,730	-
Gain (loss) on sale of capital assets	-	-	-	-
Net Nonoperating Revenue (Expense)	11,429,499	7,975	3,730	(1,841,756)
Increase (Decrease) in Net Position	570,678	(301,185)	56,684	1,172,003
Transfers In (Out)	(268,915)	175,077	15,769	-
Net Increase (Decrease) in Net Position	301,763	(126,108)	72,453	1,172,003
Net Position - beginning of year, as previously stated	2,253,555	398,607	402,277	(26,979,654)
Error correction	-	-	-	-
Net Position - beginning of year, as restated	2,253,555	398,607	402,277	(26,979,654)
Net Position - end of year	$ 2,555,318	$ 272,499	$ 474,730	$ (25,807,651)

Restricted Fund	Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ -	$ 166,769	$ 500	$ (1,307,781)	$ 5,323,349	$ -
3,189,013	-	-	-	-	-	3,198,361	-
69,395	-	24,363	-	-	-	120,065	-
-	-	-	-	-	-	744,640	-
(32,575)	-	-	-	-	-	-	-
-	-	-	2,195,215	-	(2,195,215)	-	-
-	-	-	-	49,314	-	178,419	34,496
3,225,833	-	24,363	2,361,984	49,814	(3,502,996)	9,564,834	34,496
287,018	-	-	-	-	-	7,017,773	-
-	-	-	-	-	-	1,393,478	-
679,024	-	-	-	-	-	926,748	-
50,744	-	-	-	-	-	1,573,619	-
2,074,249	-	270,738	-	13,349	(1,307,781)	2,957,559	1,963,649
-	-	-	-	32,443	-	2,151,236	108,682
-	-	-	2,190,790	-	(2,195,215)	1,582,050	-
-	-	-	1,309,976	-	-	1,309,976	-
3,091,035	-	270,738	3,500,766	45,792	(3,502,996)	18,912,439	2,072,331
134,798	-	(246,375)	(1,138,782)	4,022	-	(9,347,605)	(2,037,835)
-	-	-	-	-	-	6,434,213	-
-	-	-	698,446	-	-	698,446	-
-	-	-	-	-	-	2,973,417	-
-	-	-	7	-	-	178,830	675,611
-	-	-	(20,303)	-	-	(20,303)	-
84,421	-	260,898	1,524,370	1,278	-	1,883,962	3,201,329
-	-	-	(20,336)	-	-	(20,336)	-
84,421	-	260,898	2,182,184	1,278	-	12,128,229	3,876,940
219,219	-	14,523	1,043,402	5,300	-	2,780,624	1,839,105
(158,833)	-	-	236,902	-	-	-	-
60,386	-	14,523	1,280,304	5,300	-	2,780,624	1,839,105
426,877	-	3,800	27,417,607	14,833	-	3,937,902	7,381,253
-	-	-	(161,649)	-	-	(161,649)	-
426,877	-	3,800	27,255,958	14,833	-	3,776,253	7,381,253
$ 487,263	$ -	$ 18,323	$ 28,536,262	$ 20,133	$ -	$ 6,556,877	$ 9,220,358

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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 the of business-type activities and its discretely presented component unit of Alpena Community College, as of and for the year ended June 30, 2024, 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 22, 2024. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Alpena Community College Foundation.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 22, 2024

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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, 2024. 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 September 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practic*es

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. No new accounting policies were adopted and the application of existing policies was not changed during 2024. 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 capital 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.

- 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.

The financial statement disclosures are neutral, consistent, and clear.

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 22, 2024.

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. 101, Compensated Absences** – This statement updates the recognition and measurement guidance of the existing standard under a unified model. Previously required financial statement note disclosure requirements have been amended within this statement.

   The requirements of this statement are effective for reporting periods beginning after December 15, 2023, (the Alpena Community College's June 30, 2025 fiscal year).

B. **GASB Statement No. 102, Certain Risk Disclosures –** This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. In addition, the statement requires a government to assess whether the event(s) associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If it is determined the criteria are met, the government is required to disclose (1) the concentration or constraint, (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

   The requirements of this statement are effective for reporting periods beginning after December 15, 2023, (the Alpena Community College's June 30, 2025 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 22, 2024