Alpena Community College

Audited Financial Statements
Years Ended June 30, 2026 and 2025

Straley Lamp & Kraenzlein P.C.

Alpena Community College

College Officials

Board Of Trustees

John E. Briggs, Chairperson
Thomas R. Townsend, Vice Chairperson
Susan Stender, Treasurer
Florence Stibitz, Trustee
Joseph Gentry II, Trustee
Lisa Hilberg, Trustee
Teresa L. Duncan, Trustee
Denis J. Walterreit, Secretary

Executive Council

Dr. Donald C. MacMaster, President
Dr. Nicholas J. Brege, Vice President for Administration and Finance
Dr. Paige H. Gordier, Vice President of Instruction
Nancy L. Seguin, Dean of Students
Denis J. Walterreit, Director of Public Information and Marketing
Mary T. Eagan, Executive Director of ACC Foundation
Melissa A. Guy, Director of Human Resources
Lisa A. Snyder, Executive Director of the Office of Information Technology
Adam W. Keyes, Director of the Office of Information Technology
Kurt Konieczny, Director of Facilities Management
Dawn B. Stone, Dean of Workforce Development and Director of The World Center for Concrete Technology

Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Notes to Financial Statements	19
Required Supplemental Information	
Schedule of Proportionate Share of the Net Pension Liability	48
Schedule of the Pension Contributions	50
Schedule of Proportionate Share of the Net OPEB Liability (Asset)	52
Schedule of OPEB Contributions	54
Notes to Required Supplemental Information	56
Other Supplemental Information	
Combining Statement of Net Position - June 30, 2026	58
Combining Statement of Revenues, Expenses and Changes in Net Position – For the Year Ended June 30, 2026	60
Combining Statement of Net Position - June 30, 2025	62
Combining Statement of Revenues, Expenses and Changes in Net Position – For the Year Ended June 30, 2025	64
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*	66

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

2106 U.S. 23 South
P.O. Box 738
Alpena, MI 49707
Telephone: (989) 356-4531
Facsimile: (989) 356-0494
www.silcpa.com

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, 2026 and 2025, 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, 2026 and 2025, 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.

Change in Accounting Principle

As discussed in Note 1 and 12 to the financial statements, during the fiscal year ended 2026, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard resulted in changes to the presentation of certain amounts in the comparative financial statements. Our opinion is not modified with respect to this matter.

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 12, 2026 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 12, 2026

As management of Alpena Community College (the College), we offer readers this narrative overview and analysis of the College's financial activities for the fiscal year ended June 30, 2026. This MD&A should be read together with the basic financial statements and notes. The analysis is based on currently known facts, decisions, and conditions and focuses primarily on the College. Information about the Alpena Community College Foundation (the Foundation), a discretely presented component unit, is distinguished from information about the College.

Overview of the Financial Statements

The College's financial statements present the financial position and results of operations of the College as a whole. The annual financial report includes the following basic financial statements:

- The statement of net position presents the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at year-end. Net position is reported as net investment in capital assets, restricted, and unrestricted.
- The statement of revenues, expenses, and changes in net position presents operating revenues and expenses, noncapital subsidies, other nonoperating revenues and expenses, and capital subsidies, and explains the change in net position during the year. Under GASB Statement No. 103, state appropriations, property taxes, and certain grants and gifts that support the cost of providing services are generally reported as noncapital subsidies.
- The statement of cash flows presents cash receipts and payments classified as operating, noncapital financing, capital and related financing, and investing activities.
- The notes provide additional detail necessary to understand the amounts reported in the basic financial statements.
- The Foundation is a legally separate, tax-exempt organization reported as a discretely presented component unit because it holds and manages resources for the benefit of the College. Its financial information is presented separately from the College in the basic financial statements.

Financial Summary

This MD&A emphasizes current-year activity; therefore the discussion primarily addresses changes from 2025 to 2026. Prior-year information for 2024 is presented for comparative context and is discussed where relevant to understanding significant trends or changes.

Effective for fiscal year 2026, the College implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 changed the presentation of certain revenues and expenses, including the separate presentation of noncapital subsidies. As a result, certain fiscal year 2026 and 2025 amounts and subtotals are presented using the GASB 103 reporting model, while fiscal year 2024 is presented under the prior reporting model. Fiscal year 2026 and, where applicable, fiscal year 2025 amounts have been presented or reclassified to conform to the GASB 103 reporting model, while fiscal year 2024 is presented under the prior reporting model.

The following tables summarize the financial position and changes in net position of Alpena Community College's business-type activities and, separately, the Alpena Community College Foundation, a major discretely presented component unit, for the current and prior fiscal years. The College information is derived from the College's government-wide financial statements, and the Foundation information is presented separately as component-unit information. Additional analysis of significant changes is presented in the Detailed Analyses section that follows. Amounts are presented in thousands.

Net Position, End of Year
(in thousands)

	Alpena Community College			Alpena Community College Foundation		
	6/30/2026	6/30/2025 (Restated)*	6/30/2024	6/30/2026	6/30/2025	6/30/2024
Current and other assets	$ 17,763	$ 16,720	$ 14,538	$ 13,794	$ 11,980	$ 11,334
Funded OPEB asset	4,126	2,768	388	-	-	-
Capital assets, net	32,622	28,357	28,864	-	-	-
Total Assets	54,511	47,845	43,790	13,794	11,980	11,334
Deferred Outflows of Resources	4,065	5,118	7,331	-	-	-
Total Assets and Deferred Outflows	58,576	52,963	51,121	13,794	11,980	11,334
Current liabilities	6,883	5,995	6,088	26	13	25
Unfunded pension liability	13,154	15,975	21,947	-	-	-
Other noncurrent liabilities	2,002	1,718	2,252	-	-	-
Total Liabilities	22,039	23,688	30,287	26	13	25
Deferred Inflows of Resources	9,740	11,103	8,983	-	-	-
Net Position						
Invested in capital assets net of related debts	30,347	26,522	26,427	-	-	-
Restricted	1,277	1,649	1,384	10,255	8,855	8,529
Unrestricted	(4,827)	(9,999)	(15,960)	3,513	3,112	2,779
Total Net Position	26,797	18,172	11,851	13,768	11,967	11,308
Total Liabilities and Net Position	$ 58,576	$ 52,963	$ 51,121	$ 13,794	$ 11,980	$ 11,334
Increase (decrease) in Net Position	$ 8,625			$ 1,801		

*As disclosed in Note 12, June 30, 2025 balances have been restated to recognize certain prepayments to contractors that had not previously been recorded as prepaid expenses. The adjustment increased current assets and net position.

Operating Results for the Year
(in thousands)

	Alpena Community College			Alpena Community College Foundation		
	6/30/2026	6/30/2025 (Restated)**	6/30/2024 (1)	6/30/2026	6/30/2025 (Restated)**	6/30/2024 (1)
Operating Revenues						
Tuition and fees	$ 6,432	$ 6,114	$ 5,856	$ -	$ -	$ -
Grants and contracts	2,804	2,697	4,250	-	-	-
Auxiliary activities	778	845	847	-	-	-
Other	262	181	141	-	-	42
Contributions	-	-	-	990	1,059	-
Total Operating Revenues	10,276	9,837	11,094	990	1,059	42
Operating Expenses	17,779	18,102	18,874	834	1,483	795
Operating Income (Loss)	(7,503)	(8,265)	(7,780)	156	(424)	(753)
Noncapital Subsidies						
State appropriations	7,359	7,540		-	-	
Grants and contracts	1,289	1,186		-	-	
Property tax	3,569	3,377		-	-	
Gifts and permanent endowments	621	517		-	-	
Total Noncapital Subsidies	12,838	12,620		-	-	
Operating Income (Loss) and Noncapital Subsidies	5,335	4,355		156	(424)	
Other Nonoperating Revenues (Expenses)						
Investment income	224	317	313	1,645	1,083	1,083
Capital subsidies received	3,156	1,770		-	-	
Other	(90)	(121)	12,958	-	-	1,758
Total Other Nonoperating Revenues (Expenses) (2)	3,290	1,966	13,271	1,645	1,083	2,841
Increase (Decrease) in Net Position	8,625	6,321	5,491	1,801	659	2,088
Net Position - beginning of year	18,172	11,851	6,360	11,967	11,308	9,220
Net Position - end of year	$ 26,797	$ 18,172	$ 11,851	$ 13,768	$ 11,967	$ 11,308

**As disclosed in Note 12, the June 30, 2025 balances have been restated to recognize certain contractor prepayments as prepaid expenses that were not previously recorded. The restatement decreased operating expenses and increased the change in net position for the year ended June 30, 2025. Certain prior-year amounts also have been reclassified to conform to the presentation requirements of GASB Statement No. 103.

(1) The information for FY 2024 is presented using the pre-GASB 103 reporting model. As described in Note 12, the College implemented GASB 103 for its FY 2026 and FY 2025 financial statements. Certain line items are reported as they were reported in FY 2024 and certain categories and subtotals are not reported as they did not exist prior to the implementation of GASB 103.

(2) In FY 2024 this classification included all nonoperating revenues and expenses.

Detailed Analysis

Financial Position

Total net position increased by $8.6 million, from $18.2 million to $26.8 million, or approximately 47.5%. The increase consisted primarily of:

- Net investment in capital assets increased by $3.8 million.
- Unrestricted net position improved by $5.2 million, from negative $10.0 million to negative $4.8 million.
- Restricted net position decreased by approximately $0.5 million.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, require the College to recognize its proportionate share of applicable pension and other postemployment benefit (OPEB) liabilities or assets, along with related deferred outflows and deferred inflows of resources. These balances can vary significantly from year to year without a comparable change in the College's current financial resources.

A significant portion of the improvement in unrestricted net position resulted from changes in the College's pension and OPEB balances. The net pension liability decreased by $2.8 million, from $16.0 million to $13.2 million, while the net OPEB asset increased by $1.4 million, from $2.8 million to $4.1 million. Pension-related deferred outflows of resources decreased by $1.1 million, and total deferred inflows of resources decreased by $1.3 million. The decreases in pension-related deferred inflows and outflows of resources were the primary factors contributing to the overall decreases of $1.1 million and $1.4 million, respectively.

The combined effect of the pension and OPEB activity improved the negative net position associated with those obligations by approximately $4.5 million, from negative $19.2 million to negative $14.7 million. These changes were based primarily on actuarial measurements and related accounting recognition and did not result in a corresponding increase in cash or other resources available for current operations. Factors affecting the measurements may include pension plan investment performance, changes in actuarial assumptions, differences between expected and actual experience, and changes in the College's proportionate share of the plans.

The College maintained a positive short-term financial position during fiscal year 2026. Cash and cash equivalents increased by approximately $958,000 to $10.4 million. Current assets exceeded current liabilities by approximately $10.9 million at year-end, compared with $10.7 million in the prior year. Although current liabilities increased by approximately $888,000, the College continued to have sufficient current assets to meet its short-term obligations.

Debt obligations increased by approximately $440,000 during the year, primarily reflecting $1.0 million of new borrowing, partially offset by principal payments. The additional financing supported construction of a new 34-bed student housing apartment building. Additional information about this borrowing and the related project is presented in the *Significant Capital Asset and Long-Term Financing Activity* section.

Prepaid expenses decreased by approximately $501,000, from $507,000 to $6,000. The fiscal year 2025 balance consisted primarily of an advance payment to the contractor constructing the College's new six-acre solar array. The advance payment was transferred to construction in progress during fiscal year 2026 as the related work was completed. In addition, the financial statements for the fiscal year ended June 30, 2025, were restated to correct the accounting for prepaid expenses. Further information regarding the restatement can be found in Note 12.

Net capital assets increased by $4.3 million, from $28.4 million to $32.6 million, as capital additions exceeded depreciation, amortization, and asset retirements during the year. This increase was the primary reason net investment in capital assets increased by $3.8 million. Additional information regarding significant capital projects and related financing is presented in the *Significant Capital Asset and Long-Term Financing Activity* section.

The Alpena Community College Foundation is reported as a major discretely presented component unit because it holds and manages resources for the benefit of the College. The Foundation supports the College through fundraising, donor stewardship, and scholarship resources for students. The Foundation's total net position increased by approximately $1.8 million in fiscal year 2026, from $12.0 million to $13.8 million. Restricted net position increased from $8.9 million to $10.3 million, reflecting the significance of donor-restricted resources. Although these resources enhance the College's ability to support students and advance institutional priorities, much of the Foundation's financial capacity is subject to donor restrictions and is not available for general College operations.

Results of Operations

The College's net position increase resulted primarily from an increase in operating revenue, noncapital subsidies, capital subsidies, and a decrease in reported operating expenses. These favorable changes were partially offset by a decrease of investment income and an increase in interest expense.

Operating Revenues

Operating revenues totaled $10.3 million, an increase of approximately $440,000, or 4.5%, from the prior year. Although the overall change was modest, several individual revenue categories changed more significantly. Tuition and fee revenue, net of scholarship allowances, increased by approximately $318,000, or 5.2%, from $6.1 million to $6.4 million. The increase resulted primarily from higher enrollment, tuition-rate changes, changes in the mix of in-district and out-of-district students, and increased participation in online courses and related fee revenue. A significant portion of the enrollment growth was attributable to increased participation in criminal justice courses supported by a temporary tuition grant from the Michigan Department of Corrections and administered by the Michigan Community College Association. This program generated approximately $235,000 in additional tuition revenue in fiscal year 2026. Scholarship allowances increased from $1.8 million to $1.9 million, partially offsetting the increase in gross tuition and fee revenue.

Federal operating grants and contracts increased slightly by approximately $43,000, from $2.5 million to $2.6 million, which is primarily attributable to an increase in Pell Grant revenue received. State operating grants and contracts increased by approximately $64,000, while miscellaneous operating revenue increased by approximately $81,000.

Auxiliary activities revenue decreased by approximately $67,000, from $845,000 to $778,000, primarily due to lower non-credit workforce training revenue. Of the total, approximately $435,000 was reported in the Auxiliary Activities Fund and $342,000 in the Designated Fund. Revenue in the Auxiliary Activities Fund was derived primarily from student housing and academic program-related auxiliary services, while revenue in the Designated Fund was derived primarily from non-credit workforce development programs.

Operating Expenses

Operating expenses totaled $17.8 million, a decrease of approximately $323,000, or 1.8%, from $18.1 million in the prior year. As a result, the operating loss decreased from $8.3 million to $7.5 million, an improvement of approximately $763,000.

The most significant changes in operating expenses were:

- Public services expense decreased by approximately $592,000, from $1.2 million to $651,000.
- Technology expense decreased by approximately $154,000, from $932,000 to $779,000.
- Instructional support expense decreased by approximately $100,000, from $1.3 million to $1.2 million.
- Instruction expense increased by approximately $304,000, from $6.5 million to $6.8 million.
- Depreciation and amortization expense increased by approximately $164,000, from $1.9 million to $2.0 million.

- Student services expense increased by approximately $44,000.
- Operation and maintenance of plant expense increased by approximately $55,000.

The reduction in public services expense was primarily attributable to a decrease in salaries and wages and related benefits and contractual expenses.

Technology expenses decreased primarily because the College made fewer purchases of technology equipment with institutional funds. Instructional support expense decreased primarily because of the consolidation of staffing for student support programs, while instruction expense increased primarily because of contractual wage and fringe benefit increases.

The functional expense changes also include the effects of annual pension and OPEB accounting. Pension and OPEB expense allocations reduced reported operating expenses by approximately $5.5 million in fiscal year 2026, compared with approximately $4.9 million in fiscal year 2025. Consequently, changes in the functional expense categories do not solely reflect changes in current salaries, benefits, supplies, and other operating expenditures. The pension and OPEB effect improved reported operating results by approximately $605,000 compared with the prior year but did not produce a corresponding increase in current financial resources.

Depreciation and amortization expense increased by approximately $164,000 as additional capital assets were placed in service or recognized during the year.

Noncapital subsidies

Noncapital subsidies totaled $12.8 million, an increase of approximately $217,000, or 1.7%, from $12.6 million in the prior year. The increase was primarily attributable to federal grant support, property tax revenue, gifts, and state grant support, partially offset by a decrease of state appropriations.

Federal noncapital grant support increased by approximately $80,000, primarily because of increased activity under the state-administered ADN-to-BSN Completion Grant. Property tax revenue increased by approximately $192,000 due primarily to growth in taxable values. Gifts and permanent endowments increased by approximately $104,000, and state noncapital grant support increased by approximately $23,000.

State appropriations decreased by approximately $182,000, from $7.5 million to $7.4 million, primarily because fiscal year 2025 included a one-time state pension cost offset payment of approximately $384,000 under Section 147a(4) of the State School Aid Act. The amount reported in the financial statements reflects state operating appropriations, reduced by the portion of state support associated with the College's pension obligation.

After including noncapital subsidies, the College reported income of $5.3 million, compared with $4.4 million in the prior year. This represents an improvement of approximately $980,000. The improvement resulted from the combined effects of lower reported operating expenses and higher noncapital subsidies.

Other nonoperating activity and capital subsidies

Other nonoperating revenue, net, totaled $3.3 million, compared with $2.0 million in the prior year. The increase of approximately $1.3 million was primarily attributable to capital subsidies received during the year.

Capital subsidies increased by approximately $1.4 million, from $1.8 million to $3.2 million. Fiscal year 2026 capital subsidies included approximately $3.1 million in federal support for the solar array project and $30,000 in support for the welding and manufacturing expansion project. The increase was primarily attributable to the additional federal support received for the solar array project.

Investment income decreased by approximately $93,000, from $317,000 to $224,000, despite an increase in year-end cash. The decrease resulted primarily from lower average invested balances and lower interest rates. Interest expense associated with capital-related debt increased by approximately $6,000 to $91,000. The College also recognized a small gain on the disposal of capital assets, compared with a loss of approximately $36,000 in the prior year.

Overall, the College reported an $8.6 million increase in net position for fiscal year 2026. Approximately $5.3 million resulted from net operating activity and noncapital subsidies, while approximately $3.3 million resulted from investment income, capital subsidies, and other nonoperating activity. The results were significantly influenced by pension and OPEB accounting and by capital subsidies restricted for investment in College facilities. Accordingly, the increase in net position should not be interpreted as an equivalent increase in resources available for general operations.

Cash Flows and Liquidity

Cash Flows for the Year
(in thousands)

	Alpena Community College			Alpena Community College Foundation		
	6/30/2026	6/30/2025	6/30/2024	6/30/2026	6/30/2025	6/30/2024
Cash provided (used) by:						
Operating activities	$ (10,731)	$ (12,246)	$ (9,857)	$ (1,302)	$ (1,700)	$ (1,766)
Non-capital financing activities	13,731	14,482	12,014	1,016	1,103	1,737
Capital and related financing activities	(2,266)	(758)	(1,526)	480	205	1,014
Investing activities	224	814	(173)	(115)	403	(1,090)
Net increase (decrease) in cash	958	2,292	458	79	11	(105)
Cash, beginning of the year	9,462	7,170	6,712	129	118	223
Cash, end of the year	$ 10,420	$ 9,462	$ 7,170	$ 208	$ 129	$ 118

The College's cash position remained strong during fiscal year 2026, with cash and cash equivalents increasing by approximately $958,000 to $10.4 million at year-end. Noncapital financing activities, including state appropriations, property taxes, grants, and gifts, continued to provide the primary support for the College's operating requirements. These inflows were sufficient to offset cash used by operating activities and finance a substantial portion of the College's capital investment.

Cash used for capital and related financing activities increased during fiscal year 2026, reflecting continued investment in facilities, infrastructure, and equipment. Despite this higher level of capital spending, the College increased its cash balance for the third consecutive year. The year-end balance provides liquidity for normal operations, fluctuations in the timing of revenue receipts, and ongoing capital commitments, although portions of the balance may be restricted or designated for specific purposes.

The Foundation's cash balance increased modestly during fiscal year 2026. Foundation operating outflows were supported by contributions and other financing activities, resulting in an improved year-end cash position. However, much of the Foundation's financial capacity is subject to donor restrictions and is not necessarily available for general College operations.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

The Alpena Community College Foundation had no capital assets as of June 30, 2026, 2025, or 2024. The following table presents the College's capital assets, net of accumulated depreciation and amortization, by category:

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

	Alpena Community College		
	6/30/2026	6/30/2025	6/30/2024
Land	$ 340	$ 340	$ 340
Construction in progress	5,923	711	2,789
Land improvements	-	-	-
Buildings and improvements	23,248	23,699	21,541
Furniture, fixtures and equipment	1,738	1,716	1,773
Right-of-use SBITAs	1,102	1,635	2,352
Vehicles	244	227	42
Library materials	27	29	27
Totals	$ 32,622	$ 28,357	$ 28,864

The College made significant investments in capital assets during fiscal year 2026, driven primarily by construction of a new 34-bed College Park apartment building and development of a six-acre solar generation facility. At June 30, 2026, both projects remained under construction and were therefore reported as construction in progress. Both projects were subsequently completed in fiscal year 2027.

The College Park apartment project has an estimated total cost of approximately $4.7 million, including approximately $4.0 million of construction costs. The project expands the College's residential capacity and was financed through a combination of College resources, a $1.75 million award from the U.S. Department of Agriculture Rural Development, and a $1.0 million installment purchase agreement. The installment purchase agreement has a 10-year term and bears interest at 4.89 percent.

The solar project consists of a 1.8-megawatt array located on approximately six acres, with an estimated total project cost of $4.6 million. The project was fully funded through a grant from the Michigan Public Service Commission and is expected to reduce the College's purchased-energy costs, support its Electrical Systems Technology bachelor's degree program, and advance its broader infrastructure expansion objectives.

Other fiscal year 2026 capital activity included boiler replacement projects, instructional and information technology equipment, vehicles, and other campus improvements. Equipment additions included advanced nursing simulation equipment, welding and manufacturing equipment, classroom technology, and information technology infrastructure.

Additional information regarding capital assets, construction commitments, and subscription assets is provided in Note 3 to the accompanying financial statements.

Long-term Financing

As previously mentioned, the College entered a new installment purchase agreement for $1.0 million with a financial institution to finance the construction of a new student housing facility. In addition, the College continued to report installment purchase obligations associated with the existing College Park Apartments and subscription liabilities recognized under GASB Statement No. 96, principally related to the College's student information system agreement.

The Alpena Community College Foundation had no long-term debt obligations as of June 30, 2026, 2025, or 2024. The following table presents the College's long-term financing obligations:

Long-Term Financing

(in thousands)

	Alpena Community College		
	6/30/2026	6/30/2025	6/30/2024
Installment Loans	$ 1,274	$ 408	$ 442
SBITA Liability	1,001	1,427	1,995
Compensated Absences	830	832	737
Totals	$ 3,105	$ 2,667	$ 3,174

Additional information regarding installment purchase obligations, subscription liabilities, and compensated absences is provided in Note 6 to the accompanying financial statements.

Currently Known Facts, Decisions, or Conditions

Fall 2026 enrollment indicators reflect generally stable overall headcount with modest growth in instructional activity. Excluding direct credit enrollment, total headcount was 1,606, compared with 1,608 in fall 2025. Credit hours increased approximately 1.8 percent and contact hours increased approximately 1.1 percent. New first-time student enrollment and dual enrollment increased, partially offset by decreases in readmitted and Early College students. These enrollment patterns are expected to influence tuition and fee revenue during fiscal year 2027.

Effective for the 2026-27 academic year, the College increased tuition rates by approximately 3.3 percent, to $165 per contact hour for in-district students and $262 per contact hour for out-of-district students. The rate adjustment is expected to provide additional operating revenue and help offset continued increases in operating costs.

The College was awarded a five-year, $3.0 million Strengthening Institutions Program grant, with the grant period beginning in fiscal year 2027. The grant will support expanded student-success services, project administration and staffing, Foundation capacity to promote endowment growth, renovation of instructional space, and upgrades to instructional technology in distance-learning classrooms. Approximately $650,000 of the award is designated for renovation of the NRC 101 lecture hall. Grant activities are expected to increase both grant revenue and related operating expenses over the award period. Certain staffing and program activities are supported by time-limited grant funding, and the College will evaluate the continuation of those activities as the grant period progresses.

The College is planning a second-generation utility transmission training facility designed to expand hands-on instruction for utility technology students working with taller steel transmission structures. The project is expected to include outdoor training infrastructure, garage and storage space for utility vehicles and equipment, capacity for a taller bucket truck used in transmission-line training, and classroom and meeting space. The estimated project cost is approximately $3.125 million, of which approximately $2.5 million, or 80 percent, is expected to be funded

through an Economic Development Administration grant. Construction is currently expected to begin in late fiscal year 2027 or early fiscal year 2028.

The College is also planning a substantial renovation of the Natural Resources Center. The project is expected to be administered through the U.S. Department of Agriculture and is currently estimated at approximately $3.5 million. Design work is expected to begin in fiscal year 2027, with design and construction anticipated to occur over approximately two to three years. The project is expected to modernize the facility and address identified instructional and building needs. The ultimate effect on the College's financial position will depend on the required College contribution and construction costs.

The College expects the new student apartment facility to affect auxiliary operations beginning in fiscal year 2027. Future financial results will depend on occupancy, rental rates, operating and maintenance costs, and annual debt-service requirements. Management will monitor housing demand and operating results as the facility reaches stabilized occupancy.

The College expects the new solar array to reduce purchased electricity costs as the system becomes operational. The amount and timing of future savings will depend on system production, utility rates, operating costs, and final commissioning.

Contractual wage increases under new four-year collective bargaining agreements negotiated with the College's three bargaining units in June 2026 will take effect in fiscal year 2027. These increases, together with approved administration compensation adjustments and anticipated increases in employee health insurance and other benefit costs, are expected to increase personnel-related operating expenses.

The State of Michigan's fiscal year 2027 budget provides Alpena Community College with approximately $6.7 million in combined operations funding and North American Indian Tuition Waiver reimbursement, a decrease of approximately $23,000, or 0.3 percent, from fiscal year 2026. Although the College's base operations appropriation remains unchanged, a reduction in one-time performance-formula funding resulted in a slight overall decrease in state support.

Property tax revenue is budgeted at approximately $3.7 million for fiscal year 2027, an increase of approximately $159,000, or 4.5 percent, from the $3.5 million budgeted for fiscal year 2026. The anticipated increase in property tax revenue is expected to offset the slight reduction in state funding and provide additional support for ongoing operating costs.

Contacting Alpena Community College Management

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

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

Financial Statements

Alpena Community College

Statement of Net Position

	Alpena Community College		A.C.C. Foundation	
	June 30		June 30	
	2026	2025 (Restated)	2026	2025
Assets				
Current Assets				
Cash and cash equivalents	$ 10,420,263	$ 9,462,043	$ 208,261	$ 129,265
State appropriations receivable	1,464,677	1,366,762	-	-
Accounts receivable	3,936,079	3,702,364	-	-
Prepaid expenses	5,957	507,254	409	-
Contributions receivable	-	-	62,289	88,315
Federal and state grants receivable	885,673	725,332	-	-
Inventories	9,279	8,401	-	-
Insurance funds on deposit	1,041,325	947,429	-	-
Total Current Assets	17,763,253	16,719,585	270,959	217,580
Investments	-	-	13,522,576	11,762,034
Capital assets, net	32,622,069	28,357,080	-	-
Net OPEB asset	4,126,006	2,768,423	-	-
Total Assets	54,511,328	47,845,088	13,793,535	11,979,614
Deferred Outflows of Resources				
Related to pensions	3,369,190	4,435,170	-	-
Related to OPEB	695,676	682,882	-	-
Total Deferred Outflows of Resources	4,064,866	5,118,052	-	-
Total Assets and Deferred Outflows of Resources	$ 58,576,194	$ 52,963,140	$ 13,793,535	$ 11,979,614
Liabilities and Net Position				
Current Liabilities				
Accounts payable	$ 902,346	$ 346,408	$ 9,848	$ 4,137
Current portion of debt obligations	594,268	460,106	-	-
Accrued interest payable	54,400	60,217	-	-
Accrued payroll and related liabilities	970,803	934,833	-	-
Due to other governments	-	1,984	-	-
Deposits	58,500	50,649	-	-
Unearned revenue	22,500	44,456	15,435	8,530
Unearned student tuition, housing, and fees	3,771,821	3,608,477	-	-
Accrued compensated balances, due within one year	508,921	488,059	-	-
Total Current Liabilities	6,883,559	5,995,189	25,283	12,667
Long-term debt obligations	1,680,783	1,375,052	-	-
Net pension liability	13,153,761	15,974,744	-	-
Accrued compensated balances	321,272	343,493	-	-
Total Liabilities	22,039,375	23,688,478	25,283	12,667
Deferred Inflows of Resources				
Related to pensions	5,006,445	6,344,232	-	-
State aid for pension	1,021,711	884,767	-	-
Related to OPEB	3,711,888	3,874,026	-	-
Total Deferred Inflows of Resources	9,740,044	11,103,025	-	-
Net Position				
Invested in capital assets, net of related debt	30,347,018	26,521,922	-	-
Restricted for:				
Expendable scholarships and grants	1,223,379	1,099,486	10,255,402	8,855,459
Capital projects	53,462	550,088	-	-
Unrestricted	(4,827,084)	(9,999,859)	3,512,850	3,111,488
Total Net Position	26,796,775	18,171,637	13,768,252	11,966,947
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 58,576,194	$ 52,963,140	$ 13,793,535	$ 11,979,614

The accompanying notes are an integral part of this statement.

Alpena Community College

Statement of Revenues, Expenses and Changes in Net Position

	Alpena Community College Years Ended June 30		A.C.C. Foundation Years Ended June 30	
	2026	2025 (Restated)	2026	2025 (Restated)
Operating Revenue				
Tuition and fees (net of scholarship allowance of $1,864,190 and $1,792,106)	$ 6,432,460	$ 6,114,051	$ -	$ -
Federal grants and contracts	2,550,834	2,507,416	-	-
State grants and contracts	253,426	189,629	-	-
Auxiliary activities	777,610	844,529	-	-
Miscellaneous	261,628	180,696	-	-
Contributions	-	-	989,566	1,059,293
Total Operating Revenue	10,275,958	9,836,321	989,566	1,059,293
Operating Expenses				
Instruction	6,844,982	6,540,825	-	-
Technology	778,588	932,178	-	-
Public services	650,500	1,242,849	-	-
Instructional support	1,228,699	1,327,591	-	-
Student services	2,916,225	2,872,536	608,459	1,304,478
Institutional administration	2,015,751	2,060,510	225,279	179,073
Operation and maintenance of plant	1,306,113	1,251,151	-	-
Depreciation/amortization	2,037,808	1,873,939	-	-
Total Operating Expenses	17,778,666	18,101,579	833,738	1,483,551
Operating Income (Loss)	(7,502,708)	(8,265,258)	155,828	(424,258)
Noncapital Subsidies				
State appropriations	7,358,763	7,540,423	-	-
Federal grants and contracts	1,265,691	1,185,567	-	-
State grants and contracts	23,347	-	-	-
Property tax	3,568,871	3,377,089	-	-
Gifts and permanent endowments	620,909	517,378	-	-
Total Noncapital Subsidies	12,837,581	12,620,457	-	-
Operating Income (Loss) and Noncapital Subsidies	5,334,873	4,355,199	155,828	(424,258)
Other Nonoperating Revenues (Expenses)				
Investment income	224,390	317,281	1,645,477	1,082,945
Interest on capital asset - related debt	(91,120)	(85,454)	-	-
Capital subsidies received	3,156,478	1,769,604	-	-
Gain (loss) on sale of capital assets	517	(36,144)	-	-
Total Other Nonoperating Revenues (Expenses)	3,290,265	1,965,287	1,645,477	1,082,945
Increase (Decrease) in Net Position	8,625,138	6,320,486	1,801,305	658,687
Net Position - beginning of year	18,171,637	11,851,151	11,966,947	11,308,260
Net Position - end of year	$ 26,796,775	$ 18,171,637	$ 13,768,252	$ 11,966,947

The accompanying notes are an integral part of this statement.

Alpena Community College

Statement of Cash Flows

	Alpena Community College		A.C.C. Foundation	
	Years Ended June 30		Years Ended June 30	
	2026	2025	2026	2025
Cash Flows from Operating Activities				
Tuition and fees	$ 6,317,633	$ 6,037,843	$ -	$ -
Grants and contracts	2,643,919	2,484,809	-	-
Payments to suppliers	(4,236,864)	(4,877,380)	(611,515)	(1,410,220)
Payments to employees	(16,516,973)	(16,960,994)	(151,235)	(117,379)
Auxiliary enterprise charges	800,110	888,985	-	-
Contributions restricted for long-term investments	-	-	(480,345)	(205,080)
Other	261,628	180,694	(58,781)	33,025
Net cash provided (used) for operating activities	(10,730,547)	(12,246,043)	(1,301,876)	(1,699,654)
Cash Flows from Noncapital Financing Activities				
State appropriation	8,252,497	8,427,824	-	-
Federal/state grants and contracts	1,289,037	1,354,243	-	-
Property tax levy	3,568,871	3,377,089	-	-
Gifts	620,439	1,323,439	1,015,592	1,102,621
Net cash provided (used) by noncapital financing activities	13,730,844	14,482,595	1,015,592	1,102,621
Cash Flows from Capital and Related Financing Activities				
Capital grants and contracts	3,126,478	1,662,202	-	-
Gifts	30,000	-	-	-
Capital acquisitions	(5,765,400)	(1,478,869)	-	-
Prepaid capital expenses	856	(507,202)		
Proceeds from sale of assets	-	2,520	-	-
Proceeds from issuance of debt	1,000,000	-		
Proceeds from issuance of debt	(134,000)	-	-	-
Principal paid on capital debt	(426,107)	(34,000)	-	-
Principal paid on SBITAs	-	(403,094)	-	-
Interest paid on debt	(96,935)	(94,756)	-	-
Contributions restricted for long-term investments	-	-	480,345	205,080
Change in compensated absences liability	(1,359)	95,018	-	-
Net cash provided (used) by capital and related financing activities	(2,266,467)	(758,181)	480,345	205,080
Cash Flows from Investing Activities				
Purchase of investments	-	-	(7,646,745)	(3,015,600)
Proceeds from sales and maturities of investment	-	496,626	7,144,684	3,080,329
Investment income (loss)	224,390	317,282	386,996	338,909
Net cash provided (used) by investing activities	224,390	813,908	(115,065)	403,638
Net Increase (Decrease) in Cash and Cash Equivalents	958,220	2,292,279	78,996	11,685
Cash and Cash Equivalents - beginning of the year	9,462,043	7,169,764	129,265	117,580
Cash and Cash Equivalents - end of the year	$ 10,420,263	$ 9,462,043	$ 208,261	$ 129,265
Noncash Activity				
Assets recived by contribution	$ -	$ 71,208	$ -	$ -
SBITA Liability forgiveness	$ -	$ 164,897	$ -	$ -

(continued)

	Alpena Community College		A.C.C. Foundation	
	Years Ending June 30		Years Ending June 30	
	2026	2025	2026	2025
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and cash equivalents	$ 10,420,263	$ 9,462,043	$ 208,261	$ 129,265
Reconciliation of Net Operating Expenses to Cash Used for Operating Activities:				
Operating income (loss)	$ (7,502,708)	$ (8,265,258)	$ 155,828	$ (424,258)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation/amortization on capital assets	2,037,808	1,873,939	-	-
Contributions restricted for long-term investments	-	-	(480,345)	(205,080)
Unfunded pension liability expense	(5,510,072)	(4,904,859)	-	-
Contributions reported as operating revenue classified as noncapital financing activities	-	-	(989,566)	(1,059,293)
(Increase) decrease in net assets:				
Accounts receivable	(233,715)	(164,876)	-	-
Federal and state grants receivable	(160,341)	(596,323)	-	-
Inventories	(878)	(2,050)	-	-
Insurance funds on deposit	(93,898)	(82,929)	-	-
Prepaid expenses	(5,900)	6,274	(409)	1,800
Increase (decrease) in liabilities:				
Accounts payable	555,846	(222,162)	5,711	(2,668)
Due to other governments	(1,984)	(371)	-	-
Accrued payrolls and related liabilities	36,056	(29,071)	-	-
Deposits	7,851	8,517	-	-
Deferred income - special events	(21,956)	17,456	6,905	(10,155)
Unearned student tuition and fees	163,344	115,670	-	-
Net cash used for operating activities	$ (10,730,547)	$ (12,246,043)	$ (1,301,876)	$ (1,699,654)

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.

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

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

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 $216,363 and $218,566 as of June 30, 2026 and 2025, 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 acquisition 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 recognizes subscription-based technology arrangements (SBITA) in accordance with 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 recognizes a 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 6.

Compensated Absences and Other Employee Payments. The College recognizes compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Accordingly, employee benefits that are more likely than not be paid at a future date, is attributable to services already rendered, and accumulations are recorded as of June 30, 2026 and 2025. 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.

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 $3,460,520 and $3,431,963 for future semesters existed at June 30, 2026 and 2025, respectively.

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

Unearned Housing Rents and Deposits. The College purchased the College Park Apartments in May 2017. Deferred income for housing rent was $311,301 and $176,514 while security deposits totaled $58,500 and $50,500 at June 30, 2026 and 2025, respectively.

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	
	2026	2025 (restated)
Designated for unreported insurance claims	$ 1,041,325	$ 947,429
Unrestricted and unallocated	(5,868,409)	(10,947,288)
Total unrestricted net position	$ (4,827,084)	$ (9,999,859)

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 recognizes leases in accordance with Government Accounting Standards Statement No. 87, *Leases*. The College does not have any material lease agreements to recognize as a lease liability or lease receivable as of June 30, 2026 or 2025.

Reclassification. Certain items reported in the June 30, 2025, financial statements may have been reclassified to conform to the presentation for the current year.

Change in Accounting Principle. The College adopted Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, as of July 1, 2024. Implementation affected the presentation of the financial statements and the required supplementary information, including MD&A, and had no impact on the basic financial statements beginning net position. See Note 12 for additional detail regarding the restatement.

Note 2. Cash and Cash Equivalents and Investments.

The College did not maintain investments at June 30, 2026 and 2025. 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, 2026:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 10,420,263	$ 208,261
Investments	-	13,522,576
Total deposits and investments	$ 10,420,263	$ 13,730,837

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories at June 30, 2026:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking/savings accounts)	$ 10,418,063	$ 208,261
Investments in securities and similar vehicles	-	13,522,576
Petty cash and cash on hand	2,200	-
Total deposits and investments	$ 10,420,263	$ 13,730,837

The College's and Foundation's deposits and investments are included on the statement of net position under the following classifications at June 30, 2025:

	Alpena Community College	A.C.C. Foundation
Cash and cash equivalents	$ 9,462,043	$ 129,265
Investments	-	11,762,034
Total deposits and investments	$ 9,462,043	$ 11,891,299

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, 2025:

	Alpena Community College	A.C.C. Foundation
Bank deposits (checking/savings accounts)	$ 9,459,843	$ 129,265
Investments in securities and similar vehicles	-	11,762,034
Petty cash and cash on hand	2,200	-
Total deposits and investments	$ 9,462,043	$ 11,891,299

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

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

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

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

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

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

The College had no assets that required the fair value measurement as of June 30, 2026 or 2025.

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

The Foundation's investments are classified as the following on June 30, 2026:

	Level 1	Level 2	Level 3	Total
Cash and money market	$ 49,842	$ -	$ -	$ 49,842
Multi-Asset Equity funds	4,033,672	-	-	4,033,672
Fixed Income Bond funds	-	4,463,729	-	4,463,729
International funds	901,270	-	-	901,270
Small Cap funds	370,580	-	-	370,580
Large Cap funds	3,703,483	-	-	3,703,483
	$ 9,058,847	$ 4,463,729	$ -	$ 13,522,576

The Foundation's investments are classified as the following on June 30, 2025:

	Level 1	Level 2	Level 3	Total
Cash and money market	$ 70,737	$ -	$ -	$ 70,737
Multi-Asset Equity funds	3,091,891	-	-	3,091,891
Fixed Income Bond funds	-	3,880,611	-	3,880,611
International funds	622,263	-	-	622,263
Mid Cap funds	284,145	-	-	284,145
Large Cap funds	3,812,387	-	-	3,812,387
	$ 7,881,423	$ 3,880,611	$ -	$ 11,762,034

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.

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.

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

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 $10,526,950 at June 30, 2026, and $9,745,118 at June 30, 2025. Of the bank balance, $10,276,950 at June 30, 2026, and $9,495,118 at June 30, 2025, was uninsured and exposed to custodial credit risk because it was not covered by Federal Deposit Insurance Corporation (FDIC) insurance.

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

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

Foundation Investments – Investments at ACC Foundation at June 30, 2026 and 2025 are as follows:

Description	Market Value
Investments – June 30, 2026	$13,522,576
Investments – June 30, 2025	$11,762,034

This space is intentionally left blank.

Note 3. Property and Equipment.

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2026 as follows:

	Balances July 1, 2025	Additions	Retirements	Balances June 30, 2026	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	711,445	5,657,780	(447,175)	5,922,050	
	1,051,045	5,657,780	(447,175)	6,261,650	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	43,985,929	560,900	-	44,546,829	5-40
Furniture, fixtures, equipment	6,681,929	438,515	-	7,120,444	3-7
Right-of-use SBITAs	2,665,503	-	-	2,665,503	3-5
Vehicles	885,432	90,090	-	975,522	4
Library materials	305,451	3,029	(8,128)	300,352	10
	55,680,648	1,092,534	(8,128)	56,765,054	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buildings and improvements	(20,287,727)	(1,011,028)	-	(21,298,755)	5-40
Furniture, fixtures, equipment	(4,965,555)	(416,576)	-	(5,382,131)	3-7
Right-of-use SBITAs	(1,030,149)	(533,104)	-	(1,563,253)	3-5
Vehicles	(658,089)	(72,679)	-	(730,768)	4
Library materials	(276,689)	(4,421)	7,786	(273,324)	10
	(28,374,613)	(2,037,808)	7,786	(30,404,635)	
Net Capital Assets	$28,357,080	$4,712,506	$ (447,517)	$32,622,069	

Contributed Nonfinancial Assets. The College did not receive any contributed nonfinancial assets during the year ended June 30, 2026. During the year ended June 30, 2025, the College received a capital asset valued at $71,208 through a donation.

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, 2025 as follows:

	Balances July 1, 2024	Additions	Retirements	Balances June 30, 2025	Estimated Useful Life
Capital assets not being depreciated:					
Land	$ 339,600	$ -	$ -	$ 339,600	
Construction in progress	2,789,102	711,445	(2,789,102)	711,445	
	3,128,702	711,445	(2,789,102)	1,051,045	
Capital assets being depreciated:					
Land improvements	1,156,404	-	-	1,156,404	15
Buildings and improvements	41,028,081	3,102,621	(144,773)	43,985,929	5-40
Furniture, fixtures, equipment	6,368,768	313,161	-	6,681,929	3-7
Right-of-use SBITAs	2,858,758	-	(193,255)	2,665,503	3-5
Vehicles	679,214	206,218	-	885,432	4
Library materials	299,743	5,734	(26)	305,451	10
	52,390,968	3,627,734	(338,054)	55,680,648	
Less - accumulated depreciation:					
Land improvements	(1,156,404)	-	-	(1,156,404)	15
Buildings and improvements	(19,487,242)	(916,306)	115,821	(20,287,727)	5-40
Furniture, fixtures, equipment	(4,595,499)	(370,056)	-	(4,965,555)	3-7
Right-of-use SBITAs	(506,707)	(562,093)	38,651	(1,030,149)	3-5
Vehicles	(636,964)	(21,125)	-	(658,089)	4
Library materials	(272,356)	(4,359)	26	(276,689)	10
	(26,655,172)	(1,873,939)	154,498	(28,374,613)	
Net Capital Assets	$ 28,864,498	$ 2,465,240	$ (2,972,658)	$ 28,357,080	

As of June 30, 2026, outstanding commitments totaled $338,135 and $1,686,953 for the Solar Array and College Park Apartments projects, respectively.

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 52.8% 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.

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

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 – September 30, 2024	16.90% - 23.03%		7.06% - 8.31%
October 1, 2024 – September 30, 2025	15.21% - 26.08%		0.00% - 1.25%
October 1, 2025 – June 30, 2026	15.21% - 26.08%		0.00% - 3.83%

Depending on the plan selected, plan member contributions range from 0 percent up to 7 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, 2026, and 2025 were $2,734,778 and $2,728,045, respectively. Contributions include $1,021,711 and $884,767 ($724,196 of UAAL and a one-time distribution of Section 147c(2) funding of $160,571) 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, 2026 and 2025, respectively. The College's required and actual contributions to OPEB for the years ended June 30, 2026 and June 30, 2025, were $63,832 and $534,600, 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.

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

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, 2026 and 2025, the College reported a liability of $13,153,761 and $15,974,744, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025 and 2024, 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, 2024. 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, 2025 and 2024, the College's proportion was 0.06566050% and 0.06525093%, respectively, which was an increase of 0.00040957%.

For the year ended June 30, 2026, the College recognized pension expense of $(221,759). At June 30, 2026, 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	$ 509,483	$ 117,159
Changes of assumptions	472,126	695,208
Net difference between projected and actual earnings on pension plan investments	-	3,143,467
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	95,833	1,050,611
Reporting Unit contributions subsequent to the measurement date	2,291,748	-
Total	$ 3,369,190	$ 5,006,445

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

For the year ended June 30, 2025, the College recognized pension expense of $413,908. At June 30, 2025, 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	$ 433,406	$ 173,568
Changes of assumptions	1,665,462	1,170,443
Net difference between projected and actual earnings on pension plan investments	-	3,048,658
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	24,073	1,951,563
Reporting Unit contributions subsequent to the measurement date	2,312,229	-
Total	$ 4,435,170	$ 6,344,232

Net OPEB Liability (Asset), Deferrals, and OPEB Expense. At June 30, 2026 and 2025, the College reported a liability (asset) of $(4,126,006) and $(2,768,423), respectively, for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30, 2025 and 2024, and the total OPEB liability (asset) used to calculate the net OPEB liabilities (assets) was determined by an actuarial valuation as of September 30, 2024. 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, 2025 and 2024, the College's proportion was 0.06787178% and 0.06431615%, respectively, which was an increase of 0.00355563%.

This space is intentionally left blank.

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

For the year ended June 30, 2026, the College recognized OPEB expense of $(1,393,640). At June 30, 2026, 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	$ -	$ 2,824,859
Changes of assumptions	550,660	43,760
Net difference between projected and actual earnings on OPEB investments	24,513	579,794
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	-	263,475
Reporting Unit contributions subsequent to the measurement date	120,503	-
Total	$ 695,676	$ 3,711,888

For the year ended June 30, 2025, the College recognized OPEB expense of $(1,123,894). At June 30, 2025, 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	$ -	$ 2,933,683
Changes of assumptions	604,663	69,501
Net difference between projected and actual earnings on OPEB investments	-	524,094
Changes in proportion and differences between Reporting Unit contributions and proportionate share contributions	32,759	346,748
Reporting Unit contributions subsequent to the measurement date	45,460	-
Total	$ 682,882	$ 3,874,026

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

For the year ended June 30, 2026, 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
2026	$ 1,499,931	$ (732,859)
2027	(1,697,271)	(845,233)
2028	(1,130,950)	(744,317)
2029	(308,965)	(480,360)
2030	-	(164,575)
Thereafter	-	(48,868)

For the year ended June 30, 2025, 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
2025	$ 942,252	$ (980,440)
2026	(540,029)	(655,968)
2027	(1,437,762)	(648,413)
2028	(873,523)	(550,426)
2029	-	(299,236)
Thereafter	-	(56,661)

Actuarial Assumptions. The total pension liability in the September 30, 2024 and 2023 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

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

Healthcare Cost Trend Rate	2024: Pre-65: 7.75% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15 2023: Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15

Mortality

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.

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 electing two-person coverage are assumed to have coverage continuing after the retiree's death
Coverage Election at Retirement	Of those not opting out, 75% of male and 60% of female future retirees who elect coverage 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 determination of the total pension and OPEB liabilities beginning with the September 30, 2023 valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension and OPEB 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 and OPEB 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, 2025, 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*
	Pension	OPEB	
Domestic equity pools	21.0%	16.0%	5.8%
Private equity pools	16.0%	16.0%	9.3%
International equity pools	14.0%	11.0%	5.6%
Fixed income pools	15.0%	26.0%	2.5%
Real estate and infrastructure pools	8.0%	5.0%	7.0%
Absolute return pools	13.0%	15.0%	4.4%
Real Return / Opportunistic pools	9.0%	7.0%	7.0%
Short term investment pools	4.0%	4.0%	1.3%
TOTAL	100.0%	100.0%	

**Long term rates of return are net of administration expenses 2.4% inflation for pension and OPEB.*

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0%	9.0%
International equity pools	15.0%	6.5%
Fixed income pools	13.0%	**
Real estate and infrastructure pools	10.0%	7.1%
Absolute return pools	9.0%	5.2%
Real Return / Opportunistic pools	10.0%	6.9%
Short term investment pools	2.0%	1.4%
TOTAL	100.0%	

**Long term rates of return are net of administration expenses 2.3% inflation for pension and OPEB.*

**The long term expected real rate of return for fixed income pools as of September 30, 2024 is 2.2% for pension and 2.0% for OPEB.

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

Rate of Return

For the fiscal year ended September 30, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.81% and 15.47%, 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, 2025 and 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.24% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate. For June 30, 2026, 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, 2025, 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, 2026 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%
$20,757,361	$13,153,761	$6,820,936

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

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, 2025 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%
$23,419,146	$15,975,744	$9,775,847

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, 2026, 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%
$(3,554,815)	$(4,126,006)	$(4,625,921)

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, 2025, 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%
$(2,139,460)	$(2,768,423)	$(3,312,228)

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, 2026, 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
$(4,621,359)	$(4,126,006)	$(3,605,900)

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, 2025, 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
$(3,312,234)	$(2,768,423)	$(2,185,189)

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

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, 2026 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4524 for pension and 6.4654 for OPEB.

For the June 30, 2025 report, recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612 for pension and 6.2834 for OPEB.

For the June 30, 2026 and 2025 report, recognition period for assets is 5.0000.

Full actuarial assumptions are available in the 2025 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 $302,079 and $255,603 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2026 and 2025, 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 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, 2026, 2025 and 2024 were $120,503, $147,118, and $488,963, respectively.

Note 5. 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 6. Long-Term Debt Obligation.

Long-term Debt obligations of the college consist of the following as of June 30, 2026:

	Balances July 1, 2025	Additions	(Deductions)	Balances June 30, 2026	Due within one year
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	$ 408,000	$ -	$ (34,000)	$ 374,000	$ 34,000
Installment Loan					
Dated: 10-29-2025					
Matures: 03-24-2035					
Interest: 4.89%	-	1,000,000	(100,000)	900,000	100,000
Total direct borrowings and direct placements	408,000	1,000,000	(134,000)	1,274,000	134,000
Other long-term obligations					
SBITA	1,427,158	-	(426,107)	1,001,051	460,268
Compensated absences*	831,552	-	(1,359)	830,193	508,921
Total	$ 2,666,710	$ 1,000,000	$(561,466)	$ 3,105,244	$ 1,103,189

*The change in compensated absences' liability is presented as a net change.

The annual requirements to pay principal and interest on long-term debt outstanding at June 30, 2026 are as follows:

	Direct borrowings and direct placements		SBITA		
For the year ending June 30,	Principal	Interest	Principal	Interest	Annual Requirement
2027	$ 134,000	$ 55,679	$ 460,268	$ 22,333	672,280
2028	134,000	49,728	500,147	3,788	687,663
2029	134,000	43,777	40,636	-	218,413
2030	134,000	37,826	-	-	171,826
2031	134,000	31,876	-	-	165,876
2032-2036	570,000	70,116	-	-	640,116
2037-thereafter	34,000	1,061	-	-	35,061
	$ 1,274,000	$ 290,063	$ 1,001,051	$ 26,121	$ 2,591,235

Note 6. Long-Term Debt Obligation. *(continued)*

Long-term Debt obligations of the college consist of the following as of June 30, 2025:

	Balances July 1, 2024	Additions	(Deductions)	Balances June 30, 2025	Due within one year
Direct borrowings and Direct Placements:					
Installment Loan					
Dated: 05-24-2017					
Matures: 05-24-2037					
Interest: 3.12%	$ 442,000	$ -	$ (34,000)	$ 408,000	$ 34,000
Total direct borrowings and direct placements	442,000	-	(34,000)	408,000	34,000
Other long-term obligations					
SBITA	1,995,148	-	(567,990)	1,427,158	426,106
Compensated absences*	736,534	95,018	-	831,552	488,059
Total	$ 3,173,682	$ 95,018	$(601,990)	$ 2,666,710	$ 948,165

*The change in compensated absences' liability is presented as a net change.

Installment Loans. Under the terms of the installment purchase agreement of 2017, 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.

Under the terms of the installment purchase agreement of 2025, 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 in full prior to maturity.

SBITA Liability. At June 30, 2026, $1,001,051 has been recorded as a SBITA liability, as well as intangible, right-to-use software arrangements recognized as capital assets in the amount of $1,102,250, 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 6. 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 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. During the fiscal year ended June 30, 2025, the College and vendor agreed to terminate this agreement. The termination became effective on June 30, 2025, and resulted in a decrease of $193,255 in the right-to-use asset and a corresponding decrease of $164,896 in the related subscription liability. Additionally, accounts receivable decreased by $28,117 due to the reversal of a vendor receivable in the form of a discount that had been part of the original contract for future years. A loss on disposal of $9,712 was recognized as a result of the termination. These changes are reflected in the College's financial statements for the year ended June 30, 2025.

Note 7. Property Taxes.

The assessed values of real and personal property situated in the College District are established annually by local taxing authorities as of December 31 and are equalized by the State at an estimated 50 percent of current market value. The property tax is levied on July 1 and becomes delinquent after July 31 for City of Alpena residents (representing approximately 21.7% 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 2025-2026 school year for Alpena Community College was established at $1,456,971,586 and $1,371,826,620 for the 2024-2025 school year. After the Headlee Amendment rollback, the College's maximum allowable millage levy was 2.4687 mills for the year ending June 30, 2026 (1.4433 charter mills and 1.0254 additional mills voted for general operations).

Note 8. 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, 2026, the College's tax revenues were reduced under these programs and amounted to approximately $11,638. The College is not reimbursed for lost revenue caused by tax abatements. There were no abatements made by the College.

Note 9. Claims and Contingencies.

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

Note 10. Related Party Transactions.

The Alpena Community College Foundation (the "Foundation") is a separate not-for-profit corporation with its own independent board of directors. The Foundation was 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 for consideration. In prior years, Foundation 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 ended June 30, 2026, the Foundation made grants and scholarships to the College totaling $243,486 and supported the College's programs in the total amount of $145,063. The College provided personnel support and services to the Foundation totaling $153,678, for which the Foundation reimbursed the College. In addition, the College collected $9,984 in donations on behalf of the Foundation, including voluntary employee payroll deductions.

During the year ended June 30, 2026, the College also entered into related party transactions with Thunder Bay Fyzical, totaling $1,803 for physical and miscellaneous testing services, and purchased $1,916 of supplies from R.A. Townsend.

As of June 30, 2026, there were no amounts due to or from related parties. All related party transactions were conducted at arm's length.

Note 11. 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, 2026 and 2025, there was $38,982 and $33,622, respectively, of spendable funds and a total within the fund of $179,481 and $159,062, respectively. Grants approved by the Community Foundation for the College were $0 and $0 for the years ending June 30, 2026 and 2025, respectively.

Note 12. Restatement.

Error Correction. During fiscal year 2026, the College identified an error in the fiscal year 2025 financial statements related to a payment of $507,202 made for the solar array project. The payment was expensed as public services operating expense in fiscal year 2025. As of June 30, 2025, the payment represented an advance for construction services not yet performed and should have been reported as prepaid expense.

Note 12. Restatement. *(continued)*

The fiscal year 2025 comparative financial statements have been corrected to increase prepaid expense by $507,202 and decrease public services operating expense by $507,202. The correction increased the change in net position for the year ended June 30, 2025 by $507,202 and increased net position as of June 30, 2025 by $507,202. The correction had no effect on beginning net position as of July 1, 2024. During fiscal year 2026, the prepaid amount was reclassified to construction in progress as the solar array project costs became capitalizable and the related work was completed.

Change in Accounting Principle. As described in Note 1, the College implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, as of July 1, 2024, the earliest period presented. GASB Statement No. 103 requires proprietary fund statements of revenues, expenses, and changes in fund net position to distinguish between operating and nonoperating revenues and expenses and to separately report noncapital subsidies, including the related subtotals and totals prescribed by the standard.

The College reported the implementation of GASB Statement No. 103 as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, as required by GASB Statement No. 103. For a change in accounting principle that does not affect beginning net position but results in a reclassification in the financial statements, GASB Statement No. 100 requires the applicable disclosures and reclassification of comparative amounts in all prior periods presented.

The implementation changed the classifications and presentation of amounts reported in the statement of revenues, expenses and changes in net position. The new presentation includes categories and subtotals that were not previously presented, noncapital subsidies, and other nonoperating revenues (expenses). The implementation affected the classification and presentation of operating revenues, operating expenses, operating loss, noncapital subsidies, other nonoperating revenues and expenses, and increase in net position, as applicable, for both the College, as the primary government, and A.C.C. Foundation, as the discretely presented component unit.

This space is intentionally left blank.

Note 12. Restatement. *(continued)*

The following table presents the originally reported and restated 2025 comparative amounts for the College:

	June 30, 2025, as previously stated	Change in accounting principle	Error correction	June 30, 2025, as restated
Operating revenue				
Federal grants and contracts	$ 4,548,063	$ (2,040,647)	$ -	$ 2,507,416
State grants and contracts	673,715	(484,086)	-	189,629
Total operating revenue	12,361,054	(2,524,733)	-	9,836,321
Operating expenses				
Public services	1,750,051	-	(507,202)	1,242,849
Total operating expenses	18,608,781	-	(507,202)	18,101,579
Operating income (loss)	(6,247,727)	(2,524,733)	507,202	(8,265,258)
Noncapital subsidies				
State appropriations	-	7,156,337	-	7,156,337
Federal grants and contracts	-	1,185,567	-	1,185,567
Property tax	-	3,377,089	-	3,377,089
Gifts and permanent endowments	-	517,378	-	517,378
Total noncapital subsidies	-	12,620,457	-	12,620,457
Operating income (loss) and noncapital subsidies	-	12,620,457	-	4,355,199
Other nonoperating revenues (expenses)*				
State appropriations	7,156,337	(7,156,337)	-	-
Federal CARES Act provisions	7,432	(7,432)	-	-
Property tax	3,377,089	(3,377,089)	-	-
Capital Subsidies received	-	1,769,604	-	1,769,604
Gifts and permanent endowments	1,324,470	(1,324,470)	-	-
Total other nonoperating revenues (expenses)	12,061,011	(10,095,724)	-	1,965,287
Net position - beginning of year	11,851,151	-	-	11,851,151
Increase (decrease) in net position	5,813,284	-	507,202	6,320,486
Net position - end of year	$ 17,664,435	$ -	$ 507,202	$ 18,171,637

*Previously presented as *Nonoperating Revenue (Expenses).*

Note 12. Restatement. *(continued)*

The following table presents the originally reported and restated 2025 comparative amounts for the Foundation:

	June 30, 2025, as previously stated	Change in accounting principle	June 30, 2025, as restated
Operating revenue			
Contributions	$ -	$ 1,059,293	$ 1,059,293
Total operating revenue	-	1,059,293	1,059,293
Operating income (loss)	(1,483,551)	1,059,293	(424,258)
Other nonoperating revenues (expenses)*			
Gifts and permanent endowments	1,059,293	(1,059,293)	-
Total other nonoperating revenues (expenses)	2,142,238	(1,059,293)	1,082,945
Net position - beginning of year	$ 11,308,260	$ -	$ 11,308,260

*Previously presented as *Nonoperating Revenue (Expenses).*

Note 13. Subsequent Events.

Management has evaluated subsequent events through October 12, 2026, 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)

	2025	2024	2023	2022
A. Reporting unit's proportion of net pension liability (%)	0.06566%	0.06525%	0.06781%	0.07231%
B. Reporting unit's proportionate share of net pension liability	$13,153,761	$15,974,744	$21,947,077	$27,196,170
C. Reporting unit's covered-employee payroll	$ 7,067,419	$ 6,777,930	$ 6,816,731	$ 6,821,457
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	186.12%	235.69%	321.96%	398.69%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%

2021	2020	2019	2018	2017	2016
0.07837%	0.07790%	0.07917%	0.08224%	0.08447%	0.08835%
$18,555,223	$26,759,219	$26,219,184	$24,722,675	$21,890,919	$22,041,884
$ 6,918,236	$ 6,781,504	$ 6,640,739	$ 6,911,427	$ 6,915,242	$ 7,372,372
268.21%	394.59%	394.82%	357.71%	316.56%	298.98%
72.60%	59.72%	60.31%	62.36%	66.20%	63.27%

See notes to the required supplemental information.

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)

	2026	2025	2024	2023
A. Statutorily required contributions	$2,712,043	$2,728,045	$2,443,909	$2,461,252
B. Contributions in relation to statutorily required contributions*	$2,712,043	$2,728,045	$2,443,909	$2,461,252
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$6,865,521	$7,017,572	$6,718,138	$7,091,610
E. Contributions as a percentage of covered-employee payroll	39.50%	38.87%	36.38%	34.71%

*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.

2022	2021	2020	2019	2018	2017
$2,353,257	$2,140,771	$2,103,241	$2,239,399	$1,981,374	$1,983,880
$2,353,257	$2,140,771	$2,103,241	$2,239,399	$1,981,374	$1,983,880
$ -	$ -	$ -	$ -	$ -	$ -
$6,899,202	$6,877,472	$6,768,592	$6,732,893	$6,882,867	$6,956,035
34.11%	31.13%	31.07%	33.26%	28.79%	28.52%

See notes to the required supplemental information.

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)

	2025	2024	2023	2022
A. Reporting unit's proportion of net OPEB liability/asset (%)	0.06787%	0.06432%	0.06850%	0.07059%
B. Reporting unit's proportionate share of net OPEB liability (asset)	$ (4,126,006)	$ (2,768,423)	$ (387,489)	$ 1,495,035
C. Reporting unit's covered-employee payroll	$ 7,067,419	$ 6,777,930	$ 6,816,731	$ 6,821,457
D. Reporting unit's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll (%)	-58.38%	-40.84%	-5.68%	21.92%
E. Plan fiduciary net position as a percentage of total OPEB liability	164.94%	143.08%	105.04%	83.09%

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.

2021	2020	2019	2018	2017
0.07676%	0.07655%	0.07602%	0.08024%	0.08492%
$ 1,171,631	$ 4,101,234	$ 5,456,362	$ 6,378,315	$ 7,520,290
$ 6,918,236	$ 6,781,504	$ 6,640,739	$ 6,911,427	$ 6,915,242
16.94%	60.48%	82.16%	92.29%	108.75%
87.33%	59.44%	48.46%	42.95%	36.39%

See notes to the required supplemental information.

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)

	2026	2025	2024	2023
A. Statutorily required contributions	$ 132,030	$ 534,600	$ 533,592	$ 537,670
B. Contributions in relation to statutorily required contributions*	132,030	$ 534,600	$ 533,592	$ 537,670
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$6,865,521	$7,017,572	$6,718,138	$7,091,610
E. Contributions as a percentage of covered-employee payroll	1.92%	7.62%	7.94%	7.58%

*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.

2022	2021	2020	2019	2018
$ 569,816	$ 540,877	$ 521,944	$ 520,841	$ 661,158
$ 569,816	$ 540,877	$ 521,944	520,841	661,158
$ -	$ -	$ -	$ -	$ -
$6,899,202	$6,877,472	$6,768,592	$6,732,893	$6,882,867
8.26%	7.86%	7.71%	7.74%	9.61%

See notes to the required supplemental information.

Note 1. Pension Information.

Changes in benefit terms:

2025 - There were no changes in benefit terms in 2025.

Changes in benefit assumptions:

2025 - There were no changes in benefit assumptions in 2025.

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:

2025 - There were no changes in benefit terms in 2025.

Changes in benefit assumptions:

2025 - Healthcare cost trend rate:
•Pre 65 increased to 7.75% for year one graded to 3.50% for year fifteen from 7.25% for year one graded to 3.50% for year fifteen

2024 - Healthcare cost trend rate:
•Pre 65 decreased to 7.25% for year one graded to 3.50% for year fifteen from 7.50% for year one graded to 3.50% for year fifteen
•Post 65 increased to 6.50% for year one and graded to 3.50% for year fifteen from 6.25% for year one and graded to 3.50% for year fifteen

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, 2026

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 8,707,536	$ 200	$ -	$ -	$ 7,601
State appropriations receivable	1,464,677	-	-	-	-
Accounts receivable	3,916,868	17,479	-	-	-
Prepaid expense	5,957	-	-	-	-
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	503,647	-	-	-	382,026
Inventories	9,279	-	-	-	-
Insurance funds on deposit	1,041,325	-	-	-	-
Due from (to) other funds	(6,041,706)	481,978	1,016,427	-	847,898
Total Current Assets	9,607,583	499,657	1,016,427	-	1,237,525
Investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Net OPEB asset	-	-	-	4,126,006	-
Total Assets	9,607,583	499,657	1,016,427	4,126,006	1,237,525
Deferred Outflows of Resources					
Related to pensions	-	-	-	3,369,190	-
Related to OPEB	-	-	-	695,676	-
Total Deferred Outflows of Resources	-	-	-	4,064,866	-
Total Assets and Deferred Outflows of Resources	$ 9,607,583	$ 499,657	$ 1,016,427	$ 8,190,872	$ 1,237,525
Liabilities and Net Position					
Current Liabilities					
Accounts payable	$ 902,254	$ -	$ -	$ -	$ -
Current portion of debt obligations	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	739,421	7,270	617	-	34,346
Due to other governments	-	-	-	-	-
Deposits	-	-	58,500	-	-
Unearned revenue	-	22,500	-	-	-
Unearned student tuition, housing, and fees	3,460,520	-	311,301	-	-
Accrued compensated balances, due within one yea	458,353	17,688	2,563	-	30,317
Total Current Liabilities	5,560,548	47,458	372,981	-	64,663
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	13,153,761	-
Accrued compensated balances	258,274	34,969	9,096	-	18,933
Total Liabilities	5,818,822	82,427	382,077	13,153,761	83,596
Deferred Inflows of Resources					
Related to pensions	-	-	-	5,006,445	-
State aid for pension	-	-	-	1,021,711	-
Related to OPEB	-	-	-	3,711,888	-
Total Deferred Inflows of Resources	-	-	-	9,740,044	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	1,153,929
Capital projects	-	-	-	-	-
Unrestricted					
Unallocated	3,788,761	417,230	634,350	(14,702,933)	-
Total Net Position	3,788,761	417,230	634,350	(14,702,933)	1,153,929
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 9,607,583	$ 499,657	$ 1,016,427	$ 8,190,872	$ 1,237,525

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 1,704,926	$ -	$ -	$ 10,420,263	$ 208,261
-	-	-	-	-	1,464,677	-
1,732	-	-	-	-	3,936,079	-
-	-	-	-	-	5,957	409
-	-	-	-	-	-	62,289
-	-	-	-	-	885,673	-
-	-	-	-	-	9,279	-
-	-	-	-	-	1,041,325	-
(1,732)	69,450	3,428,888	198,797	-	-	-
-	69,450	5,133,814	198,797	-	17,763,253	270,959
-	-	-	-	-	-	13,522,576
-	-	32,622,069	-	-	32,622,069	-
-	-	-	-	-	4,126,006	-
-	69,450	37,755,883	198,797	-	54,511,328	13,793,535
-	-	-	-	-	3,369,190	-
-	-	-	-	-	695,676	-
-	-	-	-	-	4,064,866	-
$ -	$ 69,450	$ 37,755,883	$ 198,797	$ -	$ 58,576,194	$ 13,793,535
$ -	$ -	$ -	$ 92	$ -	$ 902,346	$ 9,848
-	-	594,268	-	-	594,268	-
-	-	54,400	-	-	54,400	-
-	-	-	189,149	-	970,803	-
-	-	-	-	-	-	-
-	-	-	-	-	58,500	-
-	-	-	-	-	22,500	15,435
-	-	-	-	-	3,771,821	-
-	-	-	-	-	508,921	-
-	-	648,668	189,241	-	6,883,559	25,283
-	-	1,680,783	-	-	1,680,783	-
-	-	-	-	-	13,153,761	-
-	-	-	-	-	321,272	-
-	-	2,329,451	189,241	-	22,039,375	25,283
-	-	-	-	-	5,006,445	-
-	-	-	-	-	1,021,711	-
-	-	-	-	-	3,711,888	-
-	-	-	-	-	9,740,044	-
-	-	30,347,018	-	-	30,347,018	-
-	69,450	-	-	-	1,223,379	10,255,402
-	-	53,462	-	-	53,462	-
-	-	5,025,952	9,556	-	(4,827,084)	3,512,850
-	69,450	35,426,432	9,556	-	26,796,775	13,768,252
$ -	$ 69,450	$ 37,755,883	$ 198,797	$ -	$ 58,576,194	$ 13,793,535

Alpena Community College

Combining Statment of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2026

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Operating Revenue					
Tuition and fees	$ 7,628,572	$ 486,488	$ -	$ -	$ -
Federal grants and contracts	7,821	-	-	-	2,543,013
State grants and contracts	-	21,974	-	-	70,201
Auxiliary activities	-	342,434	435,176	-	-
Indirect cost recovery	282,577	-	-	-	(282,577)
Current funds expenditures for equipment and capital improvements	-	-	-	-	-
Miscellaneous	238,286	252	-	-	-
Gifts and permanent endowments	-	-	-	-	-
Total Operating Revenue	8,157,256	851,148	435,176	-	2,330,637
Operating Expenses					
Instruction	8,328,384	73,649	372	(2,588,378)	1,030,955
Technology	963,463	168,170	50,343	(403,388)	-
Public services	-	316,964	41,610	(148,920)	3,100,875
Instructional support	1,496,455	23,201	-	(345,698)	54,741
Student services	1,581,132	664,154	196,862	(779,436)	2,576,443
Institutional administration	2,690,480	-	-	(725,689)	-
Operation and maintenance of plant	2,024,082	28,789	10,716	(518,563)	-
Depreciation/amortization	-	-	-	-	-
Total Operating Expenses	17,083,996	1,274,927	299,903	(5,510,072)	6,763,014
Operating Income (Loss)	(8,926,740)	(423,779)	135,273	5,510,072	(4,432,377)
Noncapital Subsidies					
State appropriations	8,350,412	-	-	(1,021,711)	-
Federal grants and contracts	-	-	-	-	1,265,691
State grants and contracts	-	-	-	-	23,347
Property tax	3,568,871	-	-	-	-
Gifts and permanent endowments	40,470	146	-	-	162,554
Total noncapital subsidies	11,959,753	146	-	(1,021,711)	1,451,592
Operating Income (Loss) and Noncapital Subs	3,033,013	(423,633)	135,273	4,488,361	(2,980,785)
Other Nonoperating Revenues (Expenses)					
Investment income	221,698	-	-	-	-
Interest on capital asset - related debt	-	-	-	-	-
Capital subsidies received	-	-	-	-	3,126,478
Gain (loss) on sale of capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	221,698	-	-	-	3,126,478
Increase (Decrease) in Net Position prior to transfers	3,254,711	(423,633)	135,273	4,488,361	145,693
Transfers In (Out)	(2,430,679)	405,949	(179,102)	-	(65,100)
Increase (Decrease) in Net Position	824,032	(17,684)	(43,829)	4,488,361	80,593
Net Position - beginning of year	2,964,729	434,914	678,179	(19,191,294)	1,073,336
Net Position - end of year	$ 3,788,761	$ 417,230	$ 634,350	$ (14,702,933)	$ 1,153,929

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 181,590	$ -	$ (1,864,190)	$ 6,432,460	$ -
-	-	-	-	-	2,550,834	-
-	161,251	-	-	-	253,426	-
-	-	-	-	-	777,610	-
-	-	-	-	-	-	-
-	-	5,795,466	-	(5,795,466)	-	-
-	-	-	23,090	-	261,628	-
-	-	-	-	-	-	989,566
-	161,251	5,977,056	23,090	(7,659,656)	10,275,958	989,566
-	-	-	-	-	6,844,982	-
-	-	-	-	-	778,588	-
-	-	-	-	(2,660,029)	650,500	-
-	-	-	-	-	1,228,699	-
-	535,690	-	5,570	(1,864,190)	2,916,225	608,459
-	-	-	50,960	-	2,015,751	225,279
-	-	2,896,526	-	(3,135,437)	1,306,113	-
-	-	2,037,808	-	-	2,037,808	-
-	535,690	4,934,334	56,530	(7,659,656)	17,778,666	833,738
-	(374,439)	1,042,722	(33,440)	-	(7,502,708)	155,828
-	-	-	30,062	-	7,358,763	-
-	-	-	-	-	1,265,691	-
-	-	-	-	-	23,347	-
-	-	-	-	-	3,568,871	-
-	417,739	-	-	-	620,909	-
-	417,739	-	30,062	-	12,837,581	-
-	43,300	1,042,722	(3,378)	-	5,334,873	155,828
-	-	2,692	-	-	224,390	1,645,477
-	-	(91,120)	-	-	(91,120)	-
-	-	30,000	-	-	3,156,478	-
-	-	517	-	-	517	-
-	-	(57,911)	-	-	3,290,265	1,645,477
-	43,300	984,811	(3,378)	-	8,625,138	1,801,305
-	-	2,268,718	214	-	-	-
-	43,300	3,253,529	(3,164)	-	8,625,138	1,801,305
-	26,150	32,172,903	12,720	-	18,171,637	11,966,947
$ -	$ 69,450	$ 35,426,432	$ 9,556	$ -	$ 26,796,775	$ 13,768,252

Alpena Community College

Combining Statement of Net Position

June 30, 2025 (Restated)

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Assets					
Current Assets					
Cash and cash equivalents	$ 9,454,262	$ 200	$ -	$ -	$ 7,581
Restricted investments	-	-	-	-	-
State appropriations receivable	1,366,762	-	-	-	-
Accounts receivable	3,695,443	6,574	-	-	-
Prepaid expense	52	-	-	-	-
Contributions receivable	-	-	-	-	-
Federal and state grants receivable	282,920	-	-	-	442,412
Inventories	8,401	-	-	-	-
Insurance funds on deposit	947,429	-	-	-	-
Due from (to) other funds	(7,555,551)	483,973	915,039	-	755,181
Total Current Assets	8,199,718	490,747	915,039	-	1,205,174
Investments	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Net OPEB asset	-	-	-	2,768,423	-
Total Assets	8,199,718	490,747	915,039	2,768,423	1,205,174
Deferred Outflows of Resources					
Related to pensions	-	-	-	4,435,170	-
Related to OPEB	-	-	-	682,882	-
Total Deferred Outflows of Resources	-	-	-	5,118,052	-
Total Assets and Deferred Outflows of Resources	$ 8,199,718	$ 490,747	$ 915,039	$ 7,886,475	$ 1,205,174
Liabilities and Net Position					
Current Liabilities					
Accounts payable	$ 346,408	$ -	$ -	$ -	$ -
Current portion of debt obligations	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued payroll and related liabilities	725,173	11,376	276	-	39,318
Due to other governments	-	-	-	-	1,984
Deposits	-	-	50,500	-	-
Unearned revenue	-	-	-	-	44,456
Unearned student tuition, housing, and fees	3,431,963	-	176,514	-	-
Accrued compensated balances, due within one year	444,697	15,837	1,939	-	25,586
Total Current Liabilities	4,948,241	27,213	229,229	-	111,344
Long-term debt obligations	-	-	-	-	-
Net pension liability	-	-	-	15,974,744	-
Accrued compensated balances	286,748	28,620	7,631	-	20,494
Total Liabilities	5,234,989	55,833	236,860	15,974,744	131,838
Deferred Inflows of Resources					
Related to pensions	-	-	-	6,344,232	-
State aid for pension	-	-	-	884,767	-
Related to OPEB	-	-	-	3,874,026	-
Total Deferred Inflows of Resources	-	-	-	11,103,025	-
Net Position					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for:					
Expendable scholarships and grants	-	-	-	-	1,073,336
Capital projects	-	-	-	-	-
Unrestricted					
Unallocated	2,964,729	434,914	678,179	(19,191,294)	-
Total Net Position	2,964,729	434,914	678,179	(19,191,294)	1,073,336
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 8,199,718	$ 490,747	$ 915,039	$ 7,886,475	$ 1,205,174

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ -	$ -	$ -	$ 9,462,043	$ 129,265
-	-	-	-	-	-	-
-	-	-	-	-	1,366,762	-
347	-	-	-	-	3,702,364	-
-	-	507,202	-	-	507,254	-
-	-	-	-	-	-	88,315
-	-	-	-	-	725,332	-
-	-	-	-	-	8,401	-
-	-	-	-	-	947,429	-
(347)	26,150	5,203,996	171,559	-	-	-
-	26,150	5,711,198	171,559	-	16,719,585	217,580
-	-	-	-	-	-	11,762,034
-	-	28,357,080	-	-	28,357,080	-
-	-	-	-	-	2,768,423	-
-	26,150	34,068,278	171,559	-	47,845,088	11,979,614
-	-	-	-	-	4,435,170	-
-	-	-	-	-	682,882	-
-	-	-	-	-	5,118,052	-
$ -	$ 26,150	$ 34,068,278	$ 171,559	$ -	$ 52,963,140	$ 11,979,614
$ -	$ -	$ -	$ -	$ -	$ 346,408	$ 4,137
-	-	460,106	-	-	460,106	-
-	-	60,217	-	-	60,217	-
-	-	-	158,690	-	934,833	-
-	-	-	-	-	1,984	-
-	-	-	149	-	50,649	-
-	-	-	-	-	44,456	8,530
-	-	-	-	-	3,608,477	-
-	-	-	-	-	488,059	-
-	-	520,323	158,839	-	5,995,189	12,667
-	-	1,375,052	-	-	1,375,052	-
-	-	-	-	-	15,974,744	-
-	-	-	-	-	343,493	-
-	-	1,895,375	158,839	-	23,688,478	12,667
-	-	-	-	-	6,344,232	-
-	-	-	-	-	884,767	-
-	-	-	-	-	3,874,026	-
-	-	-	-	-	11,103,025	-
-	-	26,521,922	-	-	26,521,922	-
-	26,150	-	-	-	1,099,486	8,855,459
-	-	550,088	-	-	550,088	-
-	-	5,100,893	12,720	-	(9,999,859)	3,111,488
-	26,150	32,172,903	12,720	-	18,171,637	11,966,947
$ -	$ 26,150	$ 34,068,278	$ 171,559	$ -	$ 52,963,140	$ 11,979,614

Alpena Community College

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2025 (Restated)

	General Fund	Designated Fund	Auxiliary Activities Fund	Pension and OPEB Fund	Restricted Fund
Operating Revenue					
Tuition and fees	$ 7,284,180	$ 446,225	$ -	$ -	$ -
Federal grants and contracts	7,402	-	-	-	2,500,014
State grants and contracts	-	28,600	-	-	46,390
Auxiliary activities	-	391,411	452,258	-	860
Indirect cost recovery	182,295	-	-	-	(178,845)
Current funds expenditures for equipment and capital improvements	-	-	-	-	-
Miscellaneous	175,514	383	-	-	-
Gifts and permanent endowments	-	-	-	-	-
Total Operating Revenue	7,649,391	866,619	452,258	-	2,368,419
Operating Expenses					
Instruction	8,347,238	114,876	8,047	(2,385,661)	456,325
Technology	1,003,299	232,079	31,014	(334,214)	-
Public services	-	288,287	51,271	(122,758)	1,533,251
Instructional support	1,649,009	13,199	-	(388,954)	54,337
Student services	1,532,253	556,639	184,831	(657,429)	2,540,471
Institutional administration	2,554,280	-	-	(584,409)	-
Operation and maintenance of plant	1,938,866	10,778	8,844	(431,434)	88,400
Depreciation/amortization	-	-	-	-	-
Total Operating Expenses	17,024,945	1,215,858	284,007	(4,904,859)	4,672,784
Operating Income (Loss)	(9,375,554)	(349,239)	168,251	4,904,859	(2,304,365)
Noncapital Subsidies					
State appropriations	7,950,917	-	-	(884,767)	384,086
Federal grants and contracts	-	-	-	-	1,185,567
Property tax	3,377,089	-	-	-	-
Gifts and permanent endowments	1,026	74	-	-	142,269
Total noncapital subsidies	11,329,032	74	-	(884,767)	1,711,922
Operating Income (Loss) and Noncapital Subsidies	1,953,478	(349,165)	168,251	4,020,092	(592,443)
Other Nonoperating Revenues (Expenses)					
Investment income	298,067	-	-	-	-
Interest on capital asset - related debt	-	-	-	-	-
Capital subsidies received	-	-	-	-	955,080
Gain (loss) on sale of capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	298,067	-	-	-	955,080
Increase (Decrease) in Net Position prior to transfers	2,251,545	(349,165)	168,251	4,020,092	362,637
Transfers In (Out)	(1,879,984)	294,693	(52,900)	-	(85,694)
Increase (Decrease) in Net Position	371,561	(54,472)	115,351	4,020,092	276,943
Net Position - beginning of year	2,593,168	489,386	562,828	(23,211,386)	796,393
Net Position - end of year	$ 2,964,729	$ 434,914	$ 678,179	$ (19,191,294)	$ 1,073,336

Student Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Eliminations	Combined Primary Government Unit	A.C.C. Foundation Component Unit
$ -	$ -	$ 175,752	$ -	$ (1,792,106)	$ 6,114,051	$ -
-	-	-	-	-	2,507,416	-
-	114,639	-	-	-	189,629	-
-	-	-	-	-	844,529	-
-	-	(3,450)	-	-	-	-
-	-	2,056,253	-	(2,056,253)	-	-
-	-	-	4,799	-	180,696	-
-	-	-	-	-	-	1,059,293
-	114,639	2,228,555	4,799	(3,848,359)	9,836,321	1,059,293
-	-	-	-	-	6,540,825	-
-	-	-	-	-	932,178	-
-	-	-	-	(507,202)	1,242,849	-
-	-	-	-	-	1,327,591	-
-	500,072	-	7,805	(1,792,106)	2,872,536	1,304,478
-	-	-	90,639	-	2,060,510	179,073
-	-	1,184,748	-	(1,549,051)	1,251,151	-
-	-	1,873,939	-	-	1,873,939	-
-	500,072	3,058,687	98,444	(3,848,359)	18,101,579	1,483,551
-	(385,433)	(830,132)	(93,645)	-	(8,265,258)	(424,258)
-	-	-	90,187	-	7,540,423	-
-	-	-	-	-	1,185,567	-
-	-	-	-	-	3,377,089	-
-	374,009	-	-	-	517,378	-
-	374,009	-	90,187	-	12,620,457	-
-	(11,424)	(830,132)	(3,458)	-	4,355,199	(424,258)
-	-	19,214	-	-	317,281	1,082,945
-	-	(85,454)	-	-	(85,454)	-
-	-	814,524	-	-	1,769,604	-
-	-	(36,144)	-	-	(36,144)	-
-	-	712,140	-	-	1,965,287	1,082,945
-	(11,424)	(117,992)	(3,458)	-	6,320,486	658,687
-	250	1,723,635	-	-	-	-
-	(11,174)	1,605,643	(3,458)	-	6,320,486	658,687
-	37,324	30,567,260	16,178	-	11,851,151	11,308,260
$ -	$ 26,150	$ 32,172,903	$ 12,720	$ -	$ 18,171,637	$ 11,966,947

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

2106 U.S. 23 South
P.O. Box 738
Alpena, MI 49707
Telephone: (989) 356-4531
Facsimile: (989) 356-0494
www.silcpa.com

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 business-type activities and its discretely presented component unit of Alpena Community College, as of and for the year ended June 30, 2026, 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 12, 2026. 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 were not 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 12, 2026

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

2106 U.S. 23 South
P.O. Box 738
Alpena, MI 49707
Telephone: (989) 356-4531
Facsimile: (989) 356-0494
www.silcpa.com

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 (the College) for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters dated August 18, 2026. 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. As described in Note 1 to the financial statements, the College adopted Statement of Governmental Accounting Standards (GASB Statement) No. 103, *Financial Reporting Model Improvements*, in 2026. There was no change to net position as result of implementation. 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.

- 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.

- Management's estimate of the compensated absences liability is based on the accumulated unused leave balances of employees, current pay rates, and applicable benefit provisions as of year-end.

We evaluated the methods, assumptions, and data used to develop the estimates preceding in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

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 12, 2026.

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. 105, Subsequent Events**. Governments must evaluate transactions and other events that occur after the financial statement date but before the financial statements are available to be issued. GASB Statement No. 105 establishes a consistent framework for identifying, evaluating, and reporting subsequent events and supersedes the prior subsequent-events guidance in GASB Statement No. 56. A recognized subsequent event provides additional evidence about conditions that existed as of the financial statement date and is reflected in the amounts or estimates reported in the financial statements. A nonrecognized subsequent event relates to conditions arising after the financial statement date and generally is disclosed, rather than recognized, when it has a significant effect on the basic financial statements and is essential to users' analysis or meets specified criteria. The disclosures must include the date through which subsequent events were evaluated, regardless of whether subsequent events occurred. For material nonrecognized subsequent events, disclosures also should describe the nature of the event and provide an estimate of its financial effect, or state that such an estimate cannot be made.

   The requirements of this statement are effective for reporting periods beginning after June 15, 2025, (the College's June 30, 2027 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 12, 2026