



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year Ended
June 30, 2024

CITY OF ALPENA, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2024

City Council

Cindy Johnson, Mayor

Michael Nowak, Mayor Pro-Tem

Danny Mitchell, Councilmember

Karol Walchak, Councilmember

Erinn Kane, Councilmember

City Manager

Rachel Smolinski

Clerk/Treasurer/Finance Director

Anna Soik

Prepared by:

City Clerk/Treasurer/Finance Director's Office

TABLE OF CONTENTS

CITY OF ALPENA, MICHIGAN

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

	<u>Page</u>
I. INTRODUCTORY SECTION	
A. Letter of Transmittal	3
B. GFOA Certificate of Achievement for Excellence in Financial Reporting	12
C. Organizational Chart	13
D. Administrative Staff	14
II. FINANCIAL SECTION	
A. Independent Auditor's Report	17
B. Management's Discussion and Analysis (required supplementary information)	20
C. Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	38
Reconciliation of the Balance Sheet - Governmental Funds to the Government-Wide Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-Wide Statement of Activities	45
Proprietary Fund Financial Statements	
Statement of Net Position	
Business-type Activities - Enterprise Funds	
Governmental Activities - Internal Service Funds	46
Statement of Revenues, Expenses, and Changes in Net Position	
Business-type Activities - Enterprise Funds	
Governmental Activities - Internal Service Funds	48
Statement of Cash Flows	
Business-type Activities - Enterprise Funds	
Governmental Activities - Internal Service Funds	50
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	54
Statement of Changes in Fiduciary Net Position	55
Component Units Financial Statements	
Statement of Net Position	57
Statement of Activities	58

	<u>Page</u>
Notes to Financial Statements	60
D. Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	111
Budgetary Comparison Schedule – Major Street Fund	113
Budgetary Comparison Schedule – American Rescue Plan Act Fund	114
Notes to Required Supplemental Information	115
Defined Benefit Pension System Trust – Schedule of Changes in the Net Pension Liability and Related Ratios	116
Defined Benefit Pension System Trust – Schedule of Contributions	118
Defined Benefit Pension System Trust – Schedule of Investment Returns	119
Other Post Employment Benefits (OPEB) – Schedule of Changes in the Net OPEB Liability and Related Ratios	120
Other Post Employment Benefits (OPEB) – Schedule of Contributions	122
Other Post Employment Benefits (OPEB) – Schedule of Investment Returns	123
E. Other Financial and Supplemental Information	
Non-Major Governmental Funds	
Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	130
Budgetary Comparison Schedule – Nonmajor Special Revenue Fund	133
Internal Service Funds	
Combining Statement of Net Position	138
Combining Statement of Revenues, Expenses and Changes in Net Position	139
Combining Statement of Cash Flows	140
General Fund	
Comparative Balance Sheet	143
Comparative Schedule of Revenues, Expenditures and Fund Balances - Budget and Actual	144
Sewage Fund	
Comparative Schedule of Net Position	155
Comparative Schedule of Revenues, Expenses and Changes in Net Position	156
Comparative Schedule of Cash Flows	157
Water Fund	
Comparative Schedule of Net Position	159
Comparative Schedule of Revenues, Expenses and Changes in Net Position	160
Comparative Schedule of Cash Flows	161
Fiduciary Funds	
Combining Statement of Net Position	164
Combining Statement of Changes in Net Position	165

Page

Component Units - Fund Based Statements	
Downtown Development Authority	168
Brownfield Redevelopment Authority	170
Economic Development Corporation	172

III. STATISTICAL SECTION (Unaudited)

Table

Financial Trends

1	Net Position by Component	176
2	Changes in Net Position	178
3	Fund Balances of Governmental Funds	182
4	Changes in Fund Balances, Governmental Funds	184

Revenue Capacity

5	Assessed and Estimated Actual Value of Taxable Property	186
6	Property Tax Levies and Collections	186
7	Direct and Overlapping Property Tax Millage Rates	188
8	Principal Taxpayers – Top Ten	190

Debt Capacity

9	Ratios of Outstanding Debt by Type	192
10	Ratios of General Bonded Debt Outstanding	192
11	Legal Debt Margin Information	194
12	Computation of Direct and Overlapping Debt	196

Demographic and Economic Information

13	Demographic and Economic Statistics	197
14	Principal Employers	198

Operating Information

15	Full-time Equivalent City Government Employees by Function	200
16	Operating Indicators by Function	200
17	Capital Assets Statistics by Function	202
18	Miscellaneous Statistics	204

I. INTRODUCTORY SECTION

The Introductory Section Contains:

- A. Letter of Transmittal**
- B. Government Finance Officers Association
Certificate of Achievement for Excellence
in Financial Reporting**
- C. Organizational Chart**
- D. Administrative Staff**





City Hall
208 North First Avenue
Alpena, Michigan 49707
www.alpena.mi.us

Clerk/Treasurer

December 27, 2024

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Alpena, Michigan:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Alpena, Michigan for the fiscal year ended June 30, 2024. This report was prepared in conformance with regulations and standards set forth by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA).

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Alpena, Michigan for the fiscal year ended June 30, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Straley Lamp & Kraenzlein P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Alpena, Michigan’s financial statements for the year ended June 30, 2024. The independent auditor’s report is located at the front of the financial section of the ACFR.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF ALPENA

The City of Alpena is located in Alpena County. Alpena is located on the west shore of Lake Huron and is one of the oldest chartered communities in the Lower Peninsula. Alpena is a community highly dependent on its industrial base, as it has been since it was laid out in 1840. In the early historical days, Alpena was a thriving lumbering/logging community, reaching a peak population of 15,600 in 1897.

By the end of the 1880s, Alpena was nearing the end of its lumbering heyday. By the early part of the twentieth century cement manufacturing had eclipsed lumbering as the City's chief industry. The cement industry continues to remain an integral, valuable, and important part of the City. Government agencies such as the City and County seats; organizations such as the hospital, museum, high school and community college; and businesses such as Holcim and Besser Company all make the City of Alpena their headquarters.

For 2020, the U.S. Census Bureau reports a population of 10,197 for the City of Alpena. That is 286 people less than the 2010 census. The City is the largest political entity within the County and comprised of over one-third of the total County population. The City is completely surrounded by the Charter Township of Alpena which comprises another one-third of the County population.

Most recent data show the median age is 45 years old and the average income per capita is \$30,936. The average income per capita has increased steadily since 2016.

The unemployment level for Alpena County was 4.5%, which is an increase of 0.5% from the previous year.

School enrollment within the City decreased between 2016 through 2022. In 2023, there was an increase to 1,269 students, an increase of 78 students from the prior year. In 2024, enrollment remained relatively consistent, decreasing by 16 students to 1,253 students.

There are 2,935 workers employed by the principal employers in the City with the largest percentage employed by MyMichigan Medical Center, followed by Besser Company, Northeast Michigan Community Mental Health, Holcim, and Alpena Public Schools.

The taxable value of real property in the City for tax year 2023 was \$258,798,436 and personal property was \$28,676,500 for a total taxable value of \$287,474,936. The real property values increased from the tax year 2022 value of \$242,961,703, and the personal property increased from the taxable value of \$26,810,500. The total taxable value for tax year 2023 resulted in an increase of \$17,702,733 over 2022.

Municipal services provided to its taxpayers include General Government functions such as legislative, executive, financial and tax administration along with elections and Human Resources. Other functions also include Public Safety, Public Works, Community and Economic Development, and Recreation and Culture. In addition, the City maintains two enterprise funds, which provide water and sewer. Other funds include an Equipment Fund for transportation rental services, and a Stores Fund. The City also has a Marina Fund, a Tree/Park Improvement Fund, and a Building Authority Fund.

The City of Alpena operates under the council-manager form of government. The City's charter was adopted September 1, 1915, and then revised March 13, 1944. The Council consists of five members, including the Mayor, who are elected by the residents of the City qualified to vote under the Constitution and Laws of the State of Michigan. The members of the Council serve for a term of four years. The Mayor of the City is elected at large by the voters of the City and also serves a four-year term.

The City Charter provides for a chief administrative office headed by a City Manager. The City Council appoints the City Manager based on his/her education, work experience, training, and ability without regard to political preference. The Manager serves at the pleasure of the City Council. The Manager appoints the City Planning and Development Director, City Engineer, Police Chief, Fire Chief, and others as may be determined by the City Council, all subject to confirmation by the Council. The offices of City Clerk/Treasurer/Finance Director, City Attorney, and City Assessor are appointed directly by the City Council.

ECONOMIC CONDITIONS AND OUTLOOK

Since its early years, the economic base for the City rested on its proximity to abundant natural resources. Strategically sited at the mouth of the Thunder Bay River and along the shores of Lake Huron, it was the optimum location to process raw materials into a marketable product and then ship the product off to distant markets. Resource-based industries, starting in the late 1800's, were the driving force of economic growth. Starting around 1980, large employment-based heavy industry underwent a manpower reduction as modern automated systems displaced the workforce.

Local Property Taxes and State Revenue Sharing Funds are the primary source of local government revenue. The City of Alpena will collect 15.9827 mills for operations in the fiscal year 2025, which is an increase as compared to last fiscal year. This tax revenue funds a General Fund budget of \$13.6 million for fiscal year 2024/25 with a fund balance of \$4.9 million. The City will also levy 1.0000 mill for Dial-A-Ride operations and an additional 1.9812 mills in the Downtown Development District area. The County currently levies 4.7748 mills, which have been rolled back from 5.4800 mills allowed under State Law by the Headlee Amendment. This has limited County government by restricting expansion of non-mandated services, unless provided by voter approval (EMS millage, 911 surcharge, Senior Citizen millages, etc.). The County also levies 0.9948 mills for library services, 0.9947 mills for jail operations, 1.5000 mills for ambulance services, 0.5498 mills for senior services, 0.2099 mills for veterans' services, and 0.4998 mills for recreation.

Today, Alpena serves as the commercial and healthcare hub for a four-county area. National retailers and service providers have opened and created employment. Healthcare services have produced the largest growth. In 2016, the Alpena Regional Medical Center joined MidMichigan Health and changed its name to MidMichigan Medical Center – Alpena. The facility has grown from a local primary care county-based hospital into a regional secondary healthcare center. In 2017, the Medical Center was recognized as a Top Rural Community Hospital and received Michigan's Quality Improvement Organization Governor's Award for Excellence. In 2019, the hospital received the Governor's Award of Excellence for outstanding achievement in effective reporting and measurement. In 2020, ground was broken for a \$59 million inpatient tower featuring private patient rooms; it is now known as MyMichigan Medical Center Alpena. In 2024 it earned a Performance Leadership Award for Excellence from The Chartis Center for Rural Health. The award recognizes the top quartile performance among rural hospitals in quality, outcomes, or patient perspective. It also earned a Governor's award of Excellence for achieving required milestones in Adverse Drug Events: High-Dose Opioid prescribing upon discharge.

Education, small-specialized industries, and tourism are other sources of new jobs and economic development. Alpena Community College averages approximately 1,500 enrolled students annually; availability of student housing has been an obstacle which the college is working to overcome through the addition of new dormitory units. Organizations like the Alpena Area Convention and Visitors Bureau, the Alpena Downtown Development Authority, Thunder Bay Arts Council, and the Alpena Area Chamber of Commerce have created and promoted many successful events that include the Alpena Flower Festival, Ice Fest, the Michigan Brown Trout Festival, an upcoming first ever New Year's Eve celebration and other similar events that attract tourism dollars to the community's hotels, restaurants, and retail stores. Private and public efforts are being made to attract new technology and specialized industries to new industrial and commercial parks in the City and at the Alpena County Regional Airport.

Alpena recognizes the importance of housing in our community and continues to work with potential developers on housing projects for all stages of life. A Housing Needs Assessment was completed in 2024 with a larger study also being worked on for all of northeast Michigan. Several facilities geared toward senior housing have been completed in the last several years; Besser Senior Living Community was completed in early 2020 and includes 48 assisted living units. The senior housing project at the former Bingham School driven by Hope Network is currently undergoing renovations and will add an additional 35 units of senior independent living. The City also continues its rental registration program, which has proven to be a valuable asset to the residents of the City of Alpena by ensuring safe, adequate rental housing options.

The City continues in its effort to sell and develop the 100-acre US 23 North property across from North Industrial Park. A four-acre section was sold in 2023 to the owner of the Boat House for marine storage. One acre was sold for professional office space as an Edward Jones office. An independent senior living development, with additional memory care units, is being discussed with a developer, as is a market-rate housing development.

The City was certified as a Redevelopment Ready Community in 2018 through the MEDC. The certification shows the City of Alpena meets all the best practices as set by the State in their redevelopment efforts. The City of Alpena was the 23rd community in the state to receive this certification and will undergo recertification in 2025.

Target Alpena Development Corporation, the local economic development organization, continues to implement its short-term and long-term strategic economic development plan for Alpena County, including the City of Alpena. These efforts were strengthened by its merger with the Alpena Area Chamber of Commerce, bringing to the table the resources and unique capabilities of each organization thereby significantly increasing the economic development potential of the combined entities. The annual agreement, which currently provides Target Alpena with \$45,000 in funding from the City of Alpena, includes a scope of services to be performed by Target Alpena, reporting requirements for the Organization, and an outline of the rights and responsibilities of both parties. Under the leadership of the Chamber and Target Alpena's Executive Director and Executive Committee, great strides have been made in revitalizing and refocusing the area's economic development efforts. In 2023, Target Alpena, in partnership with the City, hired a grant writer to assist the community with grant applications. The first successful grant because of the partnership is the renovation to Culligan Plaza.

The City has actively worked to address blight in the City; a blight ordinance was created in 2021 and many houses have seen significant improvement as a result of ordinance enforcement, as well as through partnerships with the Alpena County Home Improvement Program. Alpena County created an Alpena County Land Bank Authority in 2023 and the City of Alpena is currently working to eliminate blight at six properties within the City of Alpena through a Round 3 Blight Elimination Program through the State Land Bank; the grant includes the demolition of six blighted properties for a total investment of \$500,000. Three of the six properties will be sold to Habitat for Humanity for families currently approved and waiting for housing. The City continues to work with the owners of the former Fletcher Paper Mill to fund development of that site and remove the old mill, which has fallen into disrepair; the site continues to be a major tourist destination in the area, bringing in over twenty cruise ships annually, as well as providing kayaking excursions, glass bottom boat tours, and siting the NOAA Maritime Heritage Center.



In 2014, the City was able to utilize a brownfield redevelopment plan to assist in the development of the vacant riverfront property at Third Avenue and River Street (225 River Street) in downtown. A four story, ninety room Holiday Inn Express hotel was completed in 2017 at a cost of \$8.25 million. The 15-year Brownfield Tax Increment Financing (TIF) Plan approved by the City Council, the City's Brownfield Redevelopment Authority (BRA), and the Michigan Economic Growth Authority (MEGA) Board. The MEGA will reimburse the developers for the cost of special pier foundations required for the site, as well as street improvements necessary to convert Third Avenue to a two-way street between Chisholm Street and River Street. The City approved a 10-year Commercial Rehabilitation Exemption Certificate that provides a 100% abatement of all local property taxes on the improvements constructed on the property. In 2015, the City was able to utilize funding from the brownfield remediation fund to conduct environmental testing for a vacant industrial building at 821 W. Miller Street to allow for the development of a new brewery, called the Austin Brothers Beer Company. The City utilized the remediation fund for two smaller sites, including 120 Washington Avenue and 1222 Ford Avenue to allow those sites to be sold for future development. In 2019, the Alpena Authority for Brownfield Redevelopment received a \$300,000 brownfield grant from the U.S. Environmental Protection Agency to allow for the environmental assessment of properties within the City of Alpena; those funds have been fully utilized as of 2023.

There have been significant investments within the City in both the public and private sectors. The most recent investments range from significant hospital improvements to public school upgrades, a new Boys and Girls Club facility, Jesse Besser Museum upgrades, an Alpena Community College Center for Manufacturing Excellence Welding and Machine Shop Lab, the redevelopment of the former Alpena County Jail into a drive-thru food court, and the complete renovation of the Sanctuary Cinema. The renovation of the Thunder Bay Theatre is ongoing after suffering two fires; partnerships and funding from the Michigan Economic Development Corporation, the State Historic Preservation Office, and the Michigan Arts and Culture Council are making this renovation possible. The Alpena Downtown Development Authority, in partnership with the Michigan Economic Development Corporation, awarded approximately \$400,000 in façade grants to properties within the downtown; renovations are currently ongoing.

The area's natural resources, friendly small-town atmosphere, cultural and continuing education opportunities, and quality medical care facilities all provide an exceptional quality of life. Individuals and corporate volunteers from the area partnered to upgrade park infrastructure by replacing the deteriorating bridge that connected Duck Park to Island Park to a new covered style bridge. The bridge reflects the dedication of Alpena area residents. Other improvements have been made throughout the City such as the addition of landscaped wildflower gardens, fishing areas, and kayak launches. Due to foreseen operational costs and low volunteerism, the Wildlife Sanctuary Board shifted gears with the support of City Council and is no longer pursuing a physical building to support education within Duck Park, but will now focus on an immersive outdoor learning experience. Additional placemaking projects include the Downtown Development Authority's ongoing Fresh Waves Program which partners with business owners on unique placements of murals throughout the downtown. The program has been very well received with multiple installations in 2023 and 2024. The Thunder Bay Arts Council continues their sculpture development program throughout the City. A Water and Limestone sculpture will be placed at Culligan Plaza with the upcoming renovation. A fishing sculpture was placed at Sytek Park in 2023. Additional installations remain for 2025 and 2026.



City of Alpena Mission, Values and Strategic Plan

Strategic Plan

Between April and November 2021, the City of Alpena engaged the MSU Extension Leadership, Diversity, and Engagement Network (LEADNet) to facilitate a strategic planning process consisting of five sessions. A description of the sessions is below, and a summary follows.

The process consisted of an initial visioning session to answer the question “What do we want to see in place in 3-5 years as a result of our actions.” Prior to the first session, a survey was sent to city officials and staff who would be participating.

Following the initial visioning session, surveys were sent to City staff and to the community to gauge their perception of City government and identify strengths, weaknesses, challenges, and opportunities. These responses informed dialogue for the second session, which centered on the question “What is blocking us from moving toward our vision?”

The third session built on the second, focusing on the question “What innovative, substantial actions will deal with the barriers and move us toward our vision?” seeking to identify key strategies for addressing challenges and moving toward the vision established in session one.

The fourth and fifth sessions provided staff with an opportunity to identify assets, needs, quick wins, and assign roles related to actions identified in the prior session.

What do we want to see in place in 3-5 years as a result of our actions?

The initial visioning session involved staff and elected officials and focused on answering the question “What do we want to see in place in 3-5 years as a result of our actions.” Participants were asked to brainstorm a wide variety of responses, and the dialogue that followed helped to focus these ideas in seven key themes that each answered the original question posed. The resulting vision focused on these seven themes:

- A culture that embraces a vibrant and active community
- Revitalized parks and expanded year-round outdoor opportunities
- Improved infrastructure to support community and economic development
- Diversified housing opportunities
- Diverse workforce and community
- Revitalized marina enhancing downtown and bandshell
- Clean, inviting community embracing our history

What is blocking us from moving toward our vision?

The second facilitated session involved City staff and focused on answering the question “What is blocking us from moving toward our vision?” Facilitators reviewed feedback from the community survey, and then followed a similar process to session one, asking participants to brainstorm ideas and find connections and themes that emerged in those ideas. The six key themes that emerged were:

- Resistance to a community vision
- Community accessibility causing population decrease
- Restricted growth and development
- No formal parks and outdoor recreation program
- Ineffective use of land and water resources
- Limited funding resources

What innovative, substantial actions will deal with the barriers and move us toward our vision?

Session three involved the same participants as session two, and the focus turned towards specific actions that could be taken to address the barriers identified in the prior session and assist the City of Alpena with moving towards the vision described in session one. Brainstorming and dialogue sought to answer the question “What innovative, substantial actions will deal with the barriers and move us toward our vision?” Four key themes emerged. Ideas connected to each theme are detailed in Appendix C. The four themes were:

- Driving community revitalization
- Strengthening community engagement and partnerships
- Enhancing community recreation opportunities
- Capitalizing on funding partnerships and opportunities

Strategic Action Plan

The strategic action plan consists of the following strategies. The five strategies in **BOLD** were identified as the top five strategies.

- **Revitalize the marina by enhancing the downtown and bandshell area**
- **Provide housing for all**
- **Beautify the City**
- Foster Relationship with Alpena Township
- **Revitalize and expand Downtown**
- **Revitalize city parks and provide more opportunities for recreation**
- Market Alpena as a destination for people to live and work
- Develop a diversity and inclusion program/initiative
- Develop a historic and cultural program/initiative
- Develop a comprehensive communications strategy

This is a living document and will be updated annually with a strategic planning session with City staff but may be updated anytime.

The strategic plan was also compared to Comprehensive Plan Goals; each strategic plan item had corresponding Comprehensive Plan goals identified. Master Plan Goals not addressed within the strategic plan were also identified.

Mission and Values

In 2023, the City partnered with all City staff to understand their perspective of the mission of local city government and identify the top five essential values that City employees should exemplify to support the mission. A mission statement was formed, and values were identified which demonstrate daily expectations.

Mission Statement:

The City of Alpena provides services that promote a safe, clean, vibrant community that enhances the public’s quality of life in a proactive and fiscally responsible manner.

Individual departments also worked on mission statements for their own department with collaboration amongst staff. Below are the Mission Statements by department:

Planning, Development, & Zoning. To protect the health, safety, and welfare of the public through long range planning and the fair application of adopted codes related to the built and natural environment; we provide excellent customer service, foster positive relationships, and provide leadership to enrich the community.

Clerk/Treasurer/Finance Department. To provide information and process financial transactions for the general public, staff, and City Council, that is accurate, reliable, prompt, and follows all laws, ordinances, and the Charter of the City of Alpena.

Police Department. To serve the citizens of the City of Alpena in the most efficient and expeditious manner possible while displaying conduct which exemplifies the highest standards of performance. We are committed to protecting life and property by preserving the peace, maintaining order, controlling crime, apprehending offenders and enforcing the law while respecting the rights and dignities of all persons.

Fire Department. To provide exemplary fire, EMS, and all-hazard response capabilities to the citizens of its protected area. We will commit to delivering safe, effective, efficient, proactive, and reliable services for life safety initiatives, property preservation, community risk reduction, fire response, fire suppression, and pre-hospital emergency care. We will commit to this effort while promoting a professional culture of respect, integrity, honesty, confidentiality, and diversity. We are committed to excellence in service.

Engineering Department. To design, build, and operate sustainable and resilient public infrastructure that protects and improves quality of life, supports healthy natural resources, and complements diverse growth for the City of Alpena.

Department of Public Works Mission. To enhance the quality of life for all residents, businesses, and those who visit our great city; this is done through safe, efficient, and professional services provided by skilled and dedicated individuals who pride themselves as being the Alpena Department of Public Works family.

Values

Integrity. We have strong moral principles based on honesty and always strive to do the right thing.

Accountability. We take responsibility for our actions, hold ourselves to a standard of excellence and use our resources wisely.

Transparency. We proactively and consistently share information with citizens to make informed decisions that are in the best interest of the City of Alpena.

Dignity & Respect. We value our fellow team members, business partners, and community through professional, fair, courteous interactions and treat others how we would like to be treated.

Culture of Service. We understand that we exist for the common good of the public; we strive to have positive interactions, be helpful, and listen to each other and the community. We understand that we embody the mission and values of the City of Alpena in our daily activities and interactions.

Identifying the priorities, mission, and values are only the beginning. Staff is working on action items within each strategy, identifying quick wins and long terms goals. The mission and values will be incorporated into City documents, employee onboarding, retention processes, recognition programs, leadership practices, employee work areas, City Boards, etc.

Relevant Financial Policies

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds and debt service funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within the individual funds. Detail at the activity level is presented in the Required Supplementary Information – Budgetary Comparison Schedule – General Fund for the benefit of management.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alpena for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

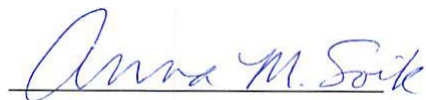
A *Certificate of Achievement* is valid for a period of one year only. The City of Alpena has received a *Certificate of Achievement* for the last 30 consecutive years (fiscal years ended June 30, 1994 through 2023). We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA.

Acknowledgments. Special recognition must be extended to Leilan Bruning, Deputy Clerk/Treasurer/Finance Director, who assisted with the development of the Annual Comprehensive Financial Report (ACFR) and annual independent audit. We wish to express our appreciation to all members of the City's departments. We would also like to thank the members of the Alpena City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Rachel Smolinski
City Manager



Anna M. Soik
City Clerk/Treasurer/Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alpena
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

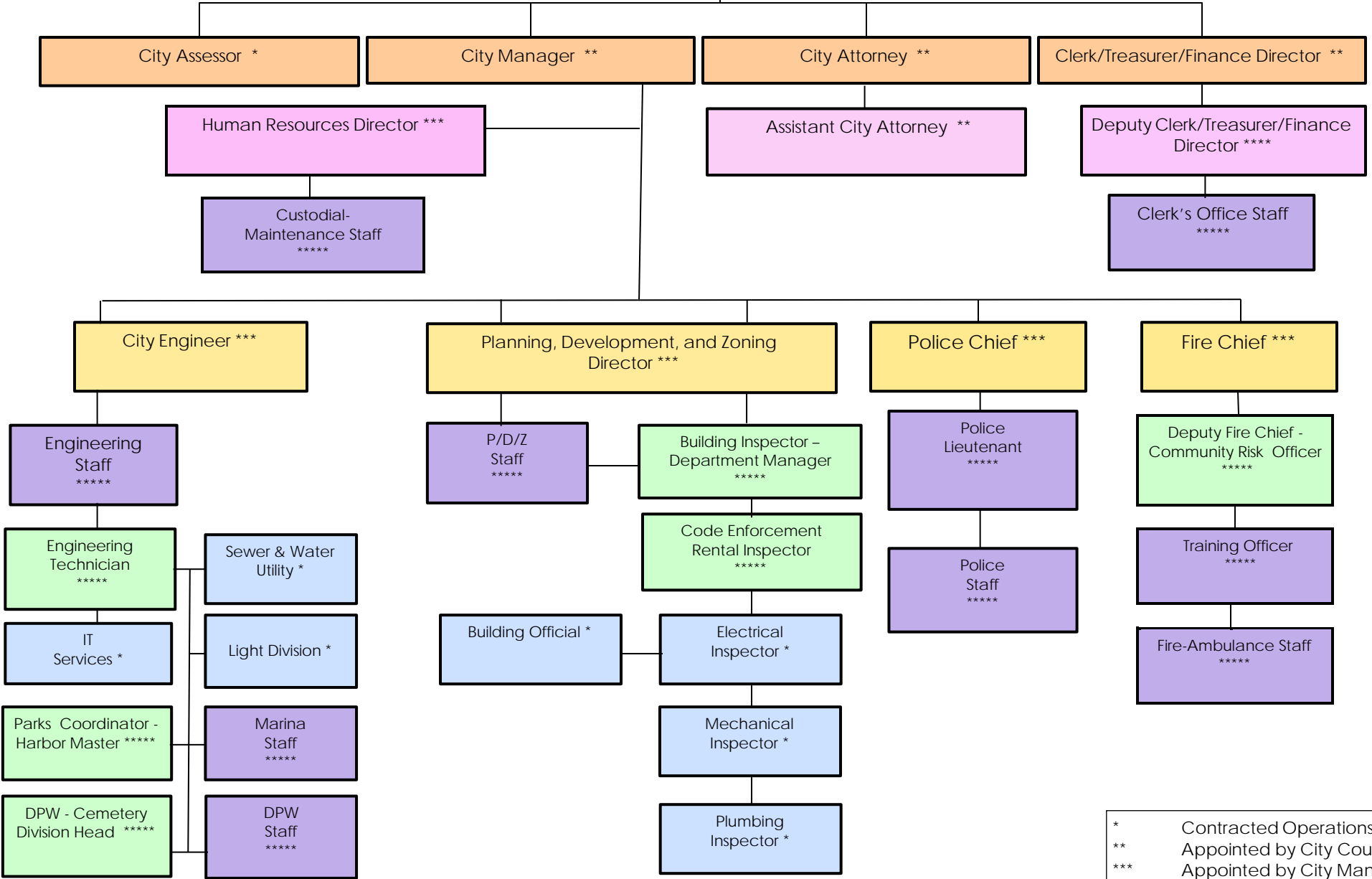
June 30, 2023

Christopher P. Morill

Executive Director/CEO

Mayor and City Council - Elected by Voters

Planning Commission; Wildlife Sanctuary Board; Downtown Development Authority; Harbor Advisory Committee; Retirement Board; Recreation Advisory Board; Zoning Board of Appeals; Authority for Brownfield Redevelopment; Historic District Commission; Historic District Study Committee



* Contracted Operations
 ** Appointed by City Council
 *** Appointed by City Manager
 **** Appointed by City Clerk
 ***** Approved by City Manager

ADMINISTRATIVE STAFF

City Council Appointees

City Manager	Rachel Smolinski
City Clerk/Treasurer/Finance Director	Anna Soik
City Assessor	Berg Assessing and Consulting, Inc.
City Attorney	William Pfeifer

City Manager Appointees

City Planning, Development, & Zoning Director	Montiel Birmingham
City Engineer	Stephen Shultz
Police Chief	Eric Hamp
Fire Chief	Robert Edmonds
Deputy Fire Chief	Vacant
Deputy Clerk/Treasurer/Finance Director	Leilan Bruning
Human Resources Administrator	Kathy Himes
City Building Official	Donald Gilmet

Division Head

Department of Public Works / Cemetery	Shannon Smolinski
---------------------------------------	-------------------

II. FINANCIAL SECTION

The Financial Section Contains:

- A. Independent Auditor's Report**
- B. Management's Discussion and Analysis**
- C. Basic Financial Statements**
- D. Required Supplementary Information**
- E. Combining and Individual Fund Financial Statements and Schedules (Supplementary Information)**





Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Alpena, Michigan

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alpena, Michigan (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City'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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alpena, Michigan as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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. 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 City of Alpena, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Alpena, Michigan'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 City'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 City'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 required supplemental information, 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 City of Alpena, Michigan's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the other 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the City of Alpena, Michigan'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 solely 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Straley Kamp & Kraenzlein P.C.

Alpena, Michigan
December 27, 2024

City of Alpena

Management's Discussion and Analysis

As management of the City of Alpena, Michigan (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-14 of this report.

Financial Highlights

- The total assets of the City of Alpena are \$89,009,367, composed of \$59,295,115 in capital assets and \$29,714,252 in other assets. The total deferred outflows of resources are \$1,287,552. Total liabilities are \$22,414,074, composed of \$15,145,577 in long-term liabilities and \$7,268,497 in current liabilities. Total deferred inflows of resources for the City are \$2,089,107.
- The total net position for the City is \$65,793,738 (*net position*). Of this amount, \$5,615,313 is unrestricted, of which \$(3,839,404) relates to governmental activities and \$9,454,717 relates to business-type activities.
- The City of Alpena's primary government total net position increased by \$2,620,007. This was the result of positive net changes in position of \$501,681 in the governmental activities and \$2,118,326 in business-type activities.
- The City of Alpena provided services of \$15,673,667 in governmental activities and \$5,326,187 of business-type activities for expenses totaling \$20,999,854 during the year ended June 30, 2024.
- At the close of the fiscal year, the City of Alpena's governmental funds reported a combined ending fund balance of \$9,530,930, an increase of \$751,884 in comparison with the prior year. Approximately 46% of the combined ending fund balance is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,424,644, or 37% of total General Fund expenditures and transfers to other funds, in comparison to \$4,640,891 at the close of the prior year, a decrease of \$216,247.
- The City's total outstanding long-term debt obligations decreased by \$1,895,833 from the prior year, primarily due to a decrease in the net pension liability. Total debt obligations at June 30, 2024 were \$15,758,755, which consisted of bonds and loans of \$3,038,819, compensated absences of \$252,018, a lease liability of \$403,603, a net pension obligation of \$11,119,939; and a net OPEB obligation of \$944,376.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City of Alpena's basic financial statements. The City of Alpena's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Alpena's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Alpena's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Alpena is improving or deteriorating.

City of Alpena

Management's Discussion and Analysis

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Alpena that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Alpena include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the City of Alpena include sewage and water operations.

The government-wide financial statements include not only the City of Alpena itself (known as the *primary government*), but also two legally separate downtown development authorities, a brownfield redevelopment authority, and a legally separate economic development corporation, for which the City of Alpena is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The City of Alpena's Building Authority, although also legally separate, functions for all practical purposes as a department of the City of Alpena, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 35-37 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Alpena, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Alpena can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Alpena maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Major Street, and American Rescue Plan Act Funds, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Alpena adopts an annual appropriated budget for its General, Major Street, and American Rescue Plan Act Funds. A budgetary comparison schedule has been provided for these major funds to demonstrate compliance with this budget as part of the required supplemental information.

City of Alpena

Management's Discussion and Analysis

The basic governmental fund financial statements can be found on pages 38-45 of this report.

Proprietary funds. The City of Alpena maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Alpena uses enterprise funds to account for its Water and Sewage Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Alpena's various functions. The City of Alpena uses internal service funds to account for its equipment and its stores supplies. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage and Water Funds, both of which are considered to be major funds of the City of Alpena. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46-53 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Alpena's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 60-110 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Alpena's progress in funding its obligation to provide pension and OPEB benefits to its employees. The City also adopts annual appropriated budgets for its general and major governmental funds. Budgetary comparison schedules are also presented. Required supplementary information can be found on pages 111-123 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 126-173 of this report.

A Statistical Section with data reflecting information on financial trends, revenue capacity, debt capacity, demographic, and economic trends of the City can be found on pages 176-204 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Alpena, Michigan, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65,793,738 at the close of the most recent fiscal year.

City of Alpena

Management's Discussion and Analysis

City of Alpena's, Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 16,162,381	\$ 13,400,571	\$ 13,551,871	\$ 13,535,733	\$ 29,714,252	\$ 26,936,304
Capital assets	26,385,271	27,325,030	32,909,844	30,233,849	59,295,115	57,558,879
Total assets	42,547,652	40,725,601	46,461,715	43,769,582	89,009,367	84,495,183
Deferred outflows of resources	1,287,552	3,519,299	-	-	1,287,552	3,519,299
Liabilities						
Current liabilities	2,854,465	1,783,775	4,414,032	3,460,225	7,268,497	5,244,000
Noncurrent liabilities	13,156,758	14,702,799	1,988,819	2,368,819	15,145,577	17,071,618
Total liabilities	16,011,223	16,486,574	6,402,851	5,829,044	22,414,074	22,315,618
Deferred inflows of resources	2,089,107	2,525,133	-	-	2,089,107	2,525,133
Net position						
Net investment in capital assets	25,311,668	26,217,067	30,541,025	27,485,030	55,852,693	53,702,097
Restricted	4,262,610	3,198,099	63,122	65,312	4,325,732	3,263,411
Unrestricted (deficit)	(3,839,404)	(4,181,973)	9,454,717	10,390,196	5,615,313	6,208,223
Total net position	\$ 25,734,874	\$ 25,233,193	\$ 40,058,864	\$ 37,940,538	\$ 65,793,738	\$ 63,173,731

The largest portion of the City of Alpena's net position, \$55,852,693 (85%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Alpena uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Alpena's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Alpena's net position totaling \$4,325,732 (5%) represents resources that have restrictions on how they may be used, (e.g. bond payments, perpetual lot care). The remaining portion of net position of \$5,615,313 (10%) represents the unrestricted net position.

City of Alpena

Management's Discussion and Analysis

City of Alpena's, Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 5,101,782	\$ 4,798,350	\$ 6,806,564	\$ 6,753,174	\$ 11,908,346	\$ 11,551,524
Operating grants and contributions	3,353,877	3,176,893	-	-	3,353,877	3,176,893
Capital grants and contributions	132,505	519,079	-	-	132,505	519,079
General revenues:						
Property taxes	4,751,061	4,472,051	-	-	4,751,061	4,472,051
Unrestricted state revenue	2,125,269	2,181,223	-	-	2,125,269	2,181,223
Investment earnings	641,177	403,605	637,949	176,950	1,279,126	580,555
Gain (loss) on sale of capital asset	69,677	(512)	-	18,912	69,677	18,400
Total revenues	16,175,348	15,550,689	7,444,513	6,949,036	23,619,861	22,499,725
Expenses						
General government	3,882,921	5,016,982	-	-	3,882,921	5,016,982
Public safety	5,959,424	5,720,724	-	-	5,959,424	5,720,724
Public works	4,777,049	3,966,810	-	-	4,777,049	3,966,810
Health and welfare	22,500	20,000	-	-	22,500	20,000
Recreation and culture	699,588	634,969	-	-	699,588	634,969
Community and economic development	305,694	165,180	-	-	305,694	165,180
Interest on long-term debt	26,491	22,148	-	-	26,491	22,148
Sewage	-	-	2,591,309	2,440,297	2,591,309	2,440,297
Water	-	-	2,734,878	2,282,891	2,734,878	2,282,891
Total expenses	15,673,667	15,546,813	5,326,187	4,723,188	20,999,854	20,270,001
Change in net position	501,681	3,876	2,118,326	2,225,848	2,620,007	2,229,724
Net position, beginning	25,233,193	25,229,317	37,940,538	35,714,690	63,173,731	60,944,007
Net position, ending	\$ 25,734,874	\$ 25,233,193	\$ 40,058,864	\$ 37,940,538	\$ 65,793,738	\$ 63,173,731

The City of Alpena's net position increased \$2,620,007 during the current fiscal year. Key elements of this increase are as follows:

Governmental activities experienced an increase in net position during the current fiscal year of \$501,681 while business-type activities had a positive change of \$2,118,326.

The revenues of governmental activities increased by \$624,659 for the current fiscal year. Revenue generated from charges for services and property taxes were the primary reasons for the increase in revenue, increasing by \$303,432 and \$279,010, respectively. The increase in charges for services was due to an increase in revenue generated from ambulance transport and building inspection fees. The increase in property taxes was due to an increase in taxable values. The City, Village, and Township Revenue Sharing, CVTRS, experienced a slight increase of \$44,410, while the local community stabilization share experienced a decrease of \$100,364, netting to an overall unrestricted state revenue decrease of \$55,954.

City of Alpena

Management's Discussion and Analysis

Governmental activities expenses experienced a slight increase by \$126,854 in 2024 from the previous year. The general government function decreased by \$1,134,061, while public works and public safety increased by \$810,239 and \$238,700, respectively. The main reason for the decrease in the general government function was due to a decrease in pension liability, resulting in a decrease in the pension expense for GASB Statement No. 68. The increase in public safety was mainly due to an increase in expenses in the Marina Fund. The increase in public safety was mainly due to increases in professional services and salaries and wages.

Across all departments the cost of the post-retirement health insurance paid into the fund was 5% of budgeted payroll.

The net cost of services for governmental activities experienced a slight increase of \$33,012 from the 2022-23 fiscal year's net cost of \$7,052,491. Program revenue increased from 2022-23 by \$93,842, primarily due to an increase in charges for services, while capital grants and contributions decreased. The decrease in capital grants and contributions was due to a decrease in federal revenue for streets of about \$375,000. In addition, expenses increased \$126,854, which was discussed previously.

Cost of Services – Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2024	2023	2024	2023	2024	2023
Functions/Programs:						
General government	\$ 3,882,921	\$ 5,016,982	\$ 1,758,994	\$ 1,716,307	\$ 2,123,927	\$ 3,300,675
Public safety	5,959,424	5,720,724	3,419,469	3,315,360	2,539,955	2,405,364
Public works	4,777,049	3,966,810	3,196,637	3,399,447	1,580,412	567,363
Health and welfare	22,500	20,000	-	-	22,500	20,000
Recreation and culture	699,588	634,969	120,138	18,294	579,450	616,675
Community and economic development	305,694	165,180	92,926	44,914	212,768	120,266
Interest on long-term debt	26,491	22,148	-	-	26,491	22,148
Total expenses	\$ 15,673,667	\$ 15,546,813	\$ 8,588,164	\$ 8,494,322	\$ 7,085,503	\$ 7,052,491

The City's taxable value increased in 2023 by \$18,509,989. The real property taxable values increased by \$16,593,989 and personal property taxable values increased by \$1,916,000 for the 2023-24 fiscal year from the previous year. Taxable values have been increasing over the past several years. Revenue Sharing has remained fairly steady since 2013-14. The City received \$1,548,818 in 2023-24 and \$1,504,408 in 2022-23. A number of documents are required to be submitted annually to the State in order to receive the CVTRS.

Labor and benefit costs are approximately 27% of the final budget in aggregate for all funds. The City has worked hard to keep health insurance costs from rising. Employees have paid 20% of their premiums for several years.

The City's pension system includes 107 retirees, 6 deferred retirees, and 44 active employees. The City has made pension contributions of \$1,072,812 for 2021-22, \$1,035,096 for 2022-23, and \$1,215,421 for 2023-24. Along with health insurance, pensions are the most expensive employee benefits. Pension reform has been implemented for all employees. Administrative employees and DPW hired after July 1, 2009 and Clerical employees hired after July of 2010 will not be in the defined benefit plan, but rather a defined contribution plan. New hires in the Public Safety department will continue to be in the defined benefit plan but their multiplier was reduced from 3.00% to 2.25%. The City's Pension Fund is currently at a funding level of 72.46%.

City of Alpena

Management's Discussion and Analysis

Other efforts to reduce costs include re-bidding contracts, seeking out grant funds and reducing services without eliminating them. All departments review work processes during the budget sessions and throughout the year to improve efficiency as much as possible. The implementation of new tax and financial software has greatly increased efficiency and has given us the opportunity to offer better customer service. The City accepts credit and debit cards and on-line payment of taxes, tickets, and miscellaneous charges, which helps increase collections.

Revenues

Property taxes continue to be one of the largest sources of revenue. The City received \$4,751,061 during fiscal year 2023-24. For 2024, the total City taxable valuation increased to \$285,256,286 from \$266,746,297 in 2023. In the previous few years, valuations were increasing at a slow rate, however the increases between 2022 and 2023 grew approximately 5% and between 2023 and 2024 grew another 7%. The City can levy up to 17.5 mills within the limits of the Charter, however due to the Headlee Amendment and Proposal A, the City has been rolled back to 16.0373 mills. The 2023-24 total millage for the City of Alpena homestead property was 39.0049 mills and non-homestead property was 56.7818 mills.

Much of the development in the City is done through tax abatements or exemption programs such as the Renaissance Zones, OPRA, NEZ, or IFT's. In the short term, this does not help increase tax revenues; however, the City will see the benefits when the programs mature, and the properties are placed on the tax roll at 100%. Some of the NEZ abatements are beginning to be phased back on to the tax roll at their full value.

State Revenue Sharing increased from \$1,504,408 in 2022-23 to \$1,548,818 in 2023-24. The revenue has increased annually over the last several years.

State and Federal Grants were used in 2023-24 for projects in the City. Federal grant revenue was lower in 2023-24 as compared to 2022-23. The City received a federal grant for a street project of almost \$375,000 in 2022-23. In addition, the City utilized almost \$71,000 of ARPA funds for eligible expenditures during the prior year. The Downtown Development Authority continues to offer façade grants for the business owners in the downtown area. Many building owners have taken advantage of this program and made their building exteriors very pleasing.

Administrative charges for services increased by 3.0% for the DDA, 5% for the Water and Sewer Funds, and decreased for the Equipment Fund as the City is phasing out the administrative charge for this fund.

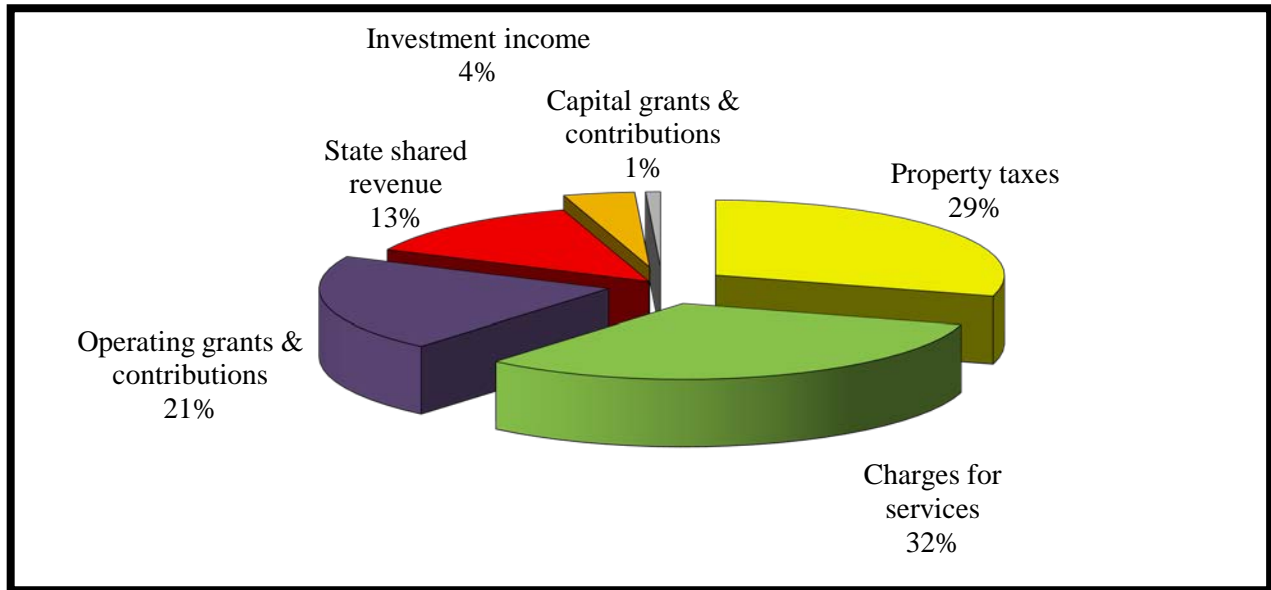
Investment income increased by approximately \$238,000 from the previous year, mainly due to the market increasing between the fiscal years.

The categories of fines and forfeitures and other revenue are fairly steady overall. Fluctuations occur for items such as donations received, vehicle sales, or insurance reimbursement.

City of Alpena

Management’s Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. The Enterprise Funds (the Water and Sewage Funds) are operated under contract by an outside private contractor, Veolia. The operations agreement with Veolia was renewed for an 8-year period ending on June 30, 2032.

The total net position for business-type activities was \$40,058,864 at June 30, 2024, an increase of \$2,118,326 in the net position from \$37,940,538 where fiscal year 2023 ended. Detailed below are the results for the major business-type funds:

Cost of Services – Business-type Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2024	2023	2024	2023	2024	2023
Functions/Programs:						
Sewage	\$ 2,565,342	\$ 2,410,534	\$ 3,130,516	\$ 2,937,059	\$ (565,174)	\$ (526,525)
Water	2,705,127	2,248,685	3,676,048	3,816,115	(970,921)	(1,567,430)
Total expenses	\$ 5,270,469	\$ 4,659,219	\$ 6,806,564	\$ 6,753,174	\$ (1,536,095)	\$ (2,093,955)

Sewage Fund. At June 30, 2024, the Sewage Fund’s net position is \$20,126,475, an increase of \$787,086 from the prior year net position of \$19,339,389. The change in the Sewer Fund net position is due to \$565,174 of net operating income offset in addition to total nonoperating revenue and expenses of \$221,912 in fiscal year 2024.

The total operating income in the Sewage Fund is \$565,174 for the year ending June 30, 2024, a slight increase of \$38,649 from the prior year. Overall the Sewage Fund’s operating revenue and expenses remained relatively stable compared to the prior year, both increasing relatively proportionately. Operating revenue is \$3,130,516 for the year ending June 30, 2024, an increase of almost \$193,457 from the year ending June 30, 2023. The total operating revenue increase was primarily due to an increase in charges for services. The two main areas of revenue were sales and septage treatment. The total operating expenses in the Sewage Fund are \$2,565,342 for the year ending June 30, 2024, an increase of \$154,808 from the prior year. The operating expense change was primarily caused by a

City of Alpena

Management's Discussion and Analysis

\$75,482 increase in professional and contractual purchased services and a settlement adjustment of \$82,368. The net non-operating revenues and expenses experienced an increase of about \$147,000, which was primarily due to an increase in investment income and rents of almost \$163,000.

Water Fund. The Water Fund had a net position of \$19,932,389 at June 30, 2024, an increase of \$1,331,240 from the prior year net position of \$18,601,149. The change in the Water Fund net position is caused by \$970,921 of net operating income offset in addition to total nonoperating revenue and expenses of \$360,319 in fiscal year 2024.

The total operating revenues were \$3,676,048 for the year ended June 30, 2024, a decrease of \$140,067 from the prior year. The total operating revenues decrease was primarily due to a decrease in water usage. The total operating expenses were \$2,705,127, an increase of about \$456,000 from the prior year. The increase in operating expenses was primarily caused by a \$41,834 increase in professional services and a settlement adjustment of \$322,137 as compared to the prior year. The total operating income was \$970,921 for the year ended June 30, 2024. The net non-operating expenses increased by \$302,844.

The revenues in the Sewage and Water Funds are primarily derived from charges for services, 91%, while non-operating revenues derive the remaining 9%.

Both the Sewer and Water Funds had settlement adjustments during the year ending June 30, 2024. The settlement adjustment was due to a settlement reached with the Township of Alpena pertaining to a dispute over sewer and water rates for the period of 2014-2017. See Note 19 for further information.

Financial Analysis of the Governmental Funds

As noted earlier, the City of Alpena uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Alpena's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Alpena's financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023-24, the City of Alpena's governmental funds reported combined ending fund balances of \$9,530,930 an increase of \$751,884 in comparison with the prior year. Approximately 46% of this total amount constitutes unassigned fund balance, \$4,375,147, which is available for spending at the government's discretion. The remainder of fund balance falls into four categories: nonspendable, restricted, committed, and assigned.

The General Fund is the chief operating fund of the City of Alpena. At the end of the fiscal year 2023-24, the fund balance of the General Fund was \$4,912,505, of which \$4,424,644 was unassigned, \$182,297 was committed for specific purposes, \$184,689 was restricted for specific purposes, and \$120,875 was nonspendable. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represented 37% of total General Fund expenditures and operating transfers to other funds.

The fund balance of the City of Alpena's General Fund decreased by \$23,000 during the 2023-24 fiscal year. This was a decrease of fund balance of about .5%. Property tax revenues increased by approximately \$369,000 over fiscal year 2022-23 due to an increase in taxable valuations. In addition, expenditures increased by about \$217,000. The main reason for the increase in expenditures was due to an increase in public safety for about \$204,000, which was mainly attributable to an increase in salaries and wages and employee benefits of about \$207,000.

City of Alpena

Management's Discussion and Analysis

The Major Street Fund has a fund balance of \$1,866,521, which is an increase from last year's fund balance by \$643,920. This was an increase of fund balance of about 53%. In the prior year, the fund experienced an increase of about \$181,000. Both revenues and expenditures decreased due to a significant street project that occurred during fiscal year 2022-23. Expenditures decreased by almost \$757,000, mainly due to a decrease in capital outlay. The fund balance of the Major Street Fund represents funds restricted for streets and highways.

In March 2021, the American Rescue Plan Act (ARPA or the Act) was enacted to provide continued relief stemming from the COVID-19 pandemic. The City received approximately \$1,046,000 of federal monies through the Act. The funds received must be used in accordance with the ARPA rules, therefore the City established the American Rescue Plan Act Fund (a special revenue fund) to account for the restricted funds. During the year ending June 30, 2024 the City had utilized approximately \$91,000 of the restricted funds and recognized the remaining as unearned revenue as of June 30, 2024. Unearned revenue recognized from ARPA funds was about \$950,000. Approximately \$55,000 of the unearned revenue is recognized in the internal service fund, as the City plans to utilize the funding in fiscal year 2024-25 to purchase a new fire apparatus. The funding must be obligated by December 31, 2024 and expended by December 31, 2026. The ARPA Fund ended the fiscal year with a fund balance of \$67,516, which was the investment income earned on the funds. Under the ARPA regulation, interest earned is not subject to the requirements of the Cash Management improvement Act and Treasury's implementing regulations at 31 CFR part 205 or 2 CFR 200.305(b)(8). Consequently, the City is allowed to keep and use the interest earned, creating an assigned fund balance of \$67,516 at June 30, 2024.

The Debt Service Fund has a total fund balance of \$1,194, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund is \$705.

General Fund Budgetary Highlights

At year-end the revenue was \$320,842 less than the final budget and \$717,793 more than received last fiscal year. The two largest contributing factors for the increase were property taxes and donations. Local and federal revenue decreased by \$80,326 and \$51,129, respectively, over the last fiscal year. Property taxes and donations increased by \$368,679 and \$179,130, respectively over fiscal year 2022-23.

There was a net increase of about \$1.4 million between the original and final amended budget for expenditures, including transfers to other funds. The largest change in expenditures by function was recreation and culture and transfers out, which had budget amendments increasing the expenditure by about \$416,000 and \$969,000, respectively, between the original and final budget. In addition, the public safety function had budget amendments to decrease the budget by about \$133,000.

The City's General Fund actual expenditure amounts came in under the final budget by \$2.2 million. The largest variance from the final budget was for recreation and culture, which accounted for \$1.4 million of the difference.

City of Alpena

Management's Discussion and Analysis

Capital Asset and Debt Administration

City of Alpena's, Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Historical cost:						
Land	\$ 3,047,115	\$ 3,112,864	\$ 12	\$ 12	\$ 3,047,127	\$ 3,112,876
Construction in progress	242,809	472,774	3,554,636	500,214	3,797,445	972,988
Land improvements	7,223,105	6,948,261	573,255	573,255	7,796,360	7,521,516
Buildings and improvements	10,429,061	10,409,254	7,516,478	7,516,477	17,945,539	17,925,731
Machinery and equipment	9,059,910	9,515,773	3,641,074	3,398,564	12,700,984	12,914,337
Infrastructure	52,810,798	52,414,391	47,209,750	46,764,060	100,020,548	99,178,451
ROU Vehicles	505,601	369,959	-	-	505,601	369,959
	<u>83,318,399</u>	<u>83,243,276</u>	<u>62,495,205</u>	<u>58,752,582</u>	<u>145,813,604</u>	<u>141,995,858</u>
Accumulated depreciation:						
Land improvements	(4,367,186)	(4,174,530)	(355,184)	(342,769)	(4,722,370)	(4,517,299)
Buildings and improvements	(5,837,845)	(5,623,267)	(3,982,892)	(3,833,523)	(9,820,737)	(9,456,790)
Machinery and equipment	(7,796,474)	(8,275,925)	(2,429,976)	(2,305,741)	(10,226,450)	(10,581,666)
Infrastructure	(38,804,557)	(37,807,528)	(22,817,309)	(22,036,700)	(61,621,866)	(59,844,228)
ROU Vehicles	(127,066)	(36,996)	-	-	(127,066)	(36,996)
	<u>(56,933,128)</u>	<u>(55,918,246)</u>	<u>(29,585,361)</u>	<u>(28,518,733)</u>	<u>(86,518,489)</u>	<u>(84,436,979)</u>
Net capital assets	<u>\$ 26,385,271</u>	<u>\$ 27,325,030</u>	<u>\$ 32,909,844</u>	<u>\$ 30,233,849</u>	<u>\$ 59,295,115</u>	<u>\$ 57,558,879</u>

Capital assets. The City of Alpena's net investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$59,295,115. The infrastructure of the City has been a high priority and the city has committed much of its capital project money to improve the roads, bridges, sidewalks, and water/sewer lines.

During the year ended June 30, 2024 the City of Alpena had an overall decrease of \$939,759 to its governmental activities capital assets, which was the result of depreciation charges exceeding capital asset additions. Business-type activities capital assets increased by \$2,675,995 as a result of capital asset additions exceeding depreciation charges.

Additional information on the City of Alpena's capital assets can be found in the footnote disclosure in Note 6 on pages 79-81 of this report.

City of Alpena

Management's Discussion and Analysis

City of Alpena's Outstanding Debt

City of Alpena's, Outstanding Debt Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ -	\$ -	\$ 300,000	\$ 350,000	\$ 300,000	\$ 350,000
Building authority bonds	670,000	775,000	-	-	670,000	775,000
State of MI Revolving Fund	-	-	2,068,819	2,398,819	2,068,819	2,398,819
Lease liability	403,603	353,660	-	-	403,603	353,660
	<u>\$1,073,603</u>	<u>\$1,128,660</u>	<u>\$2,368,819</u>	<u>\$2,748,819</u>	<u>\$3,442,422</u>	<u>\$3,877,479</u>

At the end of the current fiscal year, the City of Alpena (primary government) had total debt from bonds and loans outstanding of \$3,442,422. Of this amount, there was \$670,000 of building authority bonds and a lease liability of \$403,603. The remainder of the City of Alpena's debt of \$2,368,819 represents the long-term obligations of the Sewage and Water Funds. Of this amount, \$300,000 comprises general obligation bonds and \$2,068,819 is a direct borrowing through the State of Michigan revolving fund.

The City of Alpena decreased its total debt from bonds and loans by \$435,057 during the current fiscal year.

Additional information on the City of Alpena's long-term debt can be found in Note 7 on pages 82-85 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenue made up 38% of the 2023-24 final General Fund budget for revenue. The 2023-24 budgeted revenue increased by \$79,750 to \$4,524,364 from the 2022-23 level of \$4,444,614. The 2024-25 budget projects property tax revenues of \$4,846,520 which includes \$136,000 for the property tax administration fee that was assessed beginning in tax year 2019.
- The taxable value increased from \$269,746,297 for tax year 2022 to \$286,474,936 for 2023.
- The City has been successful in incorporating many economic development tools that attract businesses and residents to the area. Currently, there are Neighborhood Enterprise Zones, Personal Property Tax Abatements, Commercial Rehabilitation Exemptions, Brownfield's and Industrial Facility Tax Abatements.
- The City utilized a grant from the Michigan Land Bank for the removal of the former Alpena Power Building located downtown. Most of the building had been vacant for 12 years. The building has been demolished and the riverfront site is being marketed for development. A purchase agreement currently exists with a developer for a prospective mixed-use development. The City was able to secure a grant and loan through EGLE to help support environmental conditions at the site.

City of Alpena

Management's Discussion and Analysis

- The City and Target Alpena have partnered to attract new development to the over 90-acre City-owned property on US 23 North. Two parcels were sold in 2023, with two purchase agreements pending in 2024 with the planned development of a senior living community including memory care and a mixed-use housing development. In order to facilitate future development in this area, the City is currently working to establish a Corridor Improvement Authority which will provide additional funding options for potential developers.
- Downtown Alpena is home to a diverse and vibrant set of over 200 businesses, organizations, and non-profits. Over the past year, the Downtown Development Authority (DDA) has secured nearly \$1.4 million in grants to leverage over \$2.5 million in private investment into the downtown. With the expanded boundary for the downtown, the Downtown Development Authority has partnered with the City to connect the expanded district with the existing downtown and on numerous projects to beautify the entire district including streetscaping, lighting, and the installation of six new murals in the downtown. The DDA also continues to host promotional events each year that bring locals and visitors downtown and helps support the local economy.
- The Thunder Bay National Marine Sanctuary and Underwater Preserve operated by NOAA attracts thousands of tourists annually to the facility and to dive among the shipwrecks. Their site along the Thunder Bay River is also the home of a glass bottom boat that takes visitors out to tour the lighthouses and shipwrecks in Thunder Bay. Over the last few years, NOAA has been the center of coordination and activity for the Viking cruise ships that have visited the community and are interested in our unique natural recreation opportunities. In fact, this site is developing into the maritime hub for our community, adding new amenities for visitors each year.
- The City utilized a State Land Bank grant for demolition of a blighted property in 2023 and worked in coordination with Alpena County to support the creation of an Alpena County Land Bank. The addition of this land bank provides the City and County with additional opportunities to eliminate blight and redevelop property throughout the City.
- In 2024, the City will complete a full rewrite of the City's Zoning Ordinance. The City also partnered with Alpena County and NEMCOG to update the City's Recreation Plan a year early in order to foster more collaboration and alignment throughout the County. The City will also be working with NEMCOG to develop specific plans for some of the park around the City to help revitalize aging infrastructure use by the community for recreation.

Council Policy 55 – “Fund Balance Policy” requires that a minimum of 10% of expenditures and a maximum of 20% be in the fund balance of the General Fund. The fund balance for 2023-24 is \$4,912,505. The unassigned portion is \$4,424,644. The unassigned fund balance represents 37% of total General Fund expenditures, including transfers out. Due to the uncertainty of future reimbursements by the state for personal property tax exemptions, and the always present possibility of more changes to state revenue sharing, Council approved a fund balance over the 20% maximum.

Another area that continues to impact the City's finances is funding the City of Alpena Employees Retirement Fund. The funding level of the retirement system as of June 30, 2023 valuation date was 71.9%. The 2023-24 contribution to the retirement system was \$1,215,421. The 2024-25 contribution will be \$1,296,890. The City moved towards a phase-out of the defined benefit plan for new hires and has replaced it with a defined contribution plan. As of July 1, 2009, all new hires in Administration and DPW were enrolled in a defined contribution plan rather than the defined benefit plan. As of July 1, 2010, all new hires in the Clerical department were enrolled in a defined contribution plan rather than the defined benefit plan. As of July 1, 2011, all new hires in the Public Safety Department are members of the defined benefit plan and have a multiplier of 2.25%. In December 2018, the City hired a new investment advisor to manage the pension assets.

City of Alpena

Management's Discussion and Analysis

The June 30, 2024, GASB Statement Nos. 74 and 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions reported the unfunded accrued liability at \$944,376. The City budgeted 5% of the fiscal year 2023-24 payroll to be put into the Post-Retirement Health Care Fund. While this does not keep the fund at the suggested funding rate, it does help to stay ahead of the annual premium costs.

Since 2014, the City has implemented a rate methodology based on actual costs incurred in the operation of the water and wastewater systems, the debt associated with each utility, and a portion of the capital needs of the two systems. The City has been increasing the per-unit cost associated with the capital needs annually towards achieving the funding levels needed to meet the capital demands. While still below the funds needed, the rate methodology being utilized is improving the position of the two utilities in meeting those needs.

Requests for Information

This financial report is designed to provide a general overview of the City of Alpena's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Clerk/Treasurer/Finance Director, 208 N. First Avenue, City of Alpena, Alpena, MI 49707. E-mail: annas@alpena.mi.us



City of Alpena

Statement of Net Position

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,138,698	\$ 9,496,344	\$ 17,635,042	\$ 872,222
Investments, at fair value	4,045,508	-	4,045,508	-
Beneficial interest	1,202,902	-	1,202,902	-
Receivables, net	1,760,967	4,039,775	5,800,742	92
Due from component units	10,813	-	10,813	-
Inventories	380,186	-	380,186	-
Prepaid expense	144,627	15,752	160,379	390
Capital assets not being depreciated	3,289,924	3,554,648	6,844,572	93,756
Capital assets being depreciated, net	23,095,347	29,355,196	52,450,543	153,183
Leases receivable - net of current portion	478,680	-	478,680	-
Total assets	42,547,652	46,461,715	89,009,367	1,119,643
Deferred Outflows of Resources				
Deferred outflows related to pension	1,042,318	-	1,042,318	-
Deferred outflows related to OPEB	245,234	-	245,234	-
Total deferred outflows of resources	1,287,552	-	1,287,552	-
Liabilities				
Accounts payable	428,905	1,017,544	1,446,449	3,802
Deposits payable	32,778	2,725	35,503	-
Accrued payroll	130,118	835	130,953	1,800
Accrued interest payable	5,048	12,928	17,976	-
Due to primary government	-	-	-	10,813
Unearned revenue	2,024,438	3,000,000	5,024,438	-
Long-term liabilities:				
Due within one year	233,178	380,000	613,178	3,968
Due in more than one year				
Compensated absences	215,098	-	215,098	-
Bonds and loans	565,000	1,988,819	2,553,819	27,743
Lease liability	312,345	-	312,345	-
Net OPEB liability	944,376	-	944,376	-
Net pension liability	11,119,939	-	11,119,939	-
Total liabilities	16,011,223	6,402,851	22,414,074	48,126
Deferred Inflows of Resources				
Deferred inflows related to pension	118,095	-	118,095	-
Deferred inflows related to OPEB	1,436,507	-	1,436,507	-
Deferred inflows related to leases	534,505	-	534,505	-
Total deferred inflows of resources	2,089,107	-	2,089,107	-
Net Position				
Net investment in capital assets	25,311,668	30,541,025	55,852,693	215,228
Restricted for:				
Cemetery care				
Nonexpendable	1,165,427	-	1,165,427	-
Expendable	42,407	-	42,407	-
Streets and highways	2,835,126	-	2,835,126	-
Building inspection	33,166	-	33,166	-
Tree/park improvement	601	-	601	-
Debt service	1,194	63,122	64,316	-
Donor imposed	184,689	-	184,689	-
Unrestricted	(3,839,404)	9,454,717	5,615,313	856,289
Total net position	\$ 25,734,874	\$ 40,058,864	\$ 65,793,738	\$ 1,071,517

See accompanying notes to financial statements.

City of Alpena

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 3,882,921	\$ 1,658,138	\$ 100,856	\$ -
Public safety	5,959,424	2,129,233	1,290,236	-
Public works	4,777,049	1,160,347	1,903,785	132,505
Health and welfare	22,500	-	-	-
Recreation and culture	699,588	120,138	-	-
Community and economic development	305,694	33,926	59,000	-
Interest on long-term debt	26,491	-	-	-
Total governmental activities	15,673,667	5,101,782	3,353,877	132,505
Business-type activities:				
Sewage	2,591,309	3,130,516	-	-
Water	2,734,878	3,676,048	-	-
Total business-type activities	5,326,187	6,806,564	-	-
Total primary government	\$ 20,999,854	\$ 11,908,346	\$ 3,353,877	\$ 132,505
Component Units				
Downtown Development Authority	\$ 290,220	\$ 24,726	\$ 398,749	\$ -
Brownfield Redevelopment Authority	128,889	9,184	22,507	-
Economic Development Corporation	36	-	-	-
	\$ 419,145	\$ 33,910	\$ 421,256	\$ -
General revenues:				
Property taxes				
Unrestricted state revenue				
Investment earnings				
Gain on sale of capital asset				
Total general revenues				
Change in Net Position				
Net Position , beginning of year				
Net Position , end of year				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (2,123,927)	\$ -	\$ (2,123,927)	\$ -
(2,539,955)	-	(2,539,955)	-
(1,580,412)	-	(1,580,412)	-
(22,500)	-	(22,500)	-
(579,450)	-	(579,450)	-
(212,768)	-	(212,768)	-
(26,491)	-	(26,491)	-
<u>(7,085,503)</u>	<u>-</u>	<u>(7,085,503)</u>	<u>-</u>
-	539,207	539,207	-
-	941,170	941,170	-
-	<u>1,480,377</u>	<u>1,480,377</u>	-
<u>(7,085,503)</u>	<u>1,480,377</u>	<u>(5,605,126)</u>	-
-	-	-	133,255
-	-	-	(97,198)
-	-	-	(36)
-	-	-	<u>36,021</u>
4,751,061	-	4,751,061	336,781
2,125,269	-	2,125,269	3,581
641,177	637,949	1,279,126	24,404
69,677	-	69,677	-
<u>7,587,184</u>	<u>637,949</u>	<u>8,225,133</u>	<u>364,766</u>
501,681	2,118,326	2,620,007	400,787
<u>25,233,193</u>	<u>37,940,538</u>	<u>63,173,731</u>	<u>670,730</u>
<u>\$ 25,734,874</u>	<u>\$ 40,058,864</u>	<u>\$ 65,793,738</u>	<u>\$ 1,071,517</u>

See accompanying notes to financial statements.

City of Alpena

Balance Sheet - Governmental Funds

June 30, 2024

	General	Major Street
Assets		
Cash and cash equivalents	\$ 2,783,851	\$ 1,656,163
Investments, at fair value	2,462,665	-
Beneficial interest	-	-
Accounts receivable, net	484,986	7,461
Taxes receivable	181,500	-
Lease receivable	497,242	-
Special assessment receivable	-	-
Interest receivable	99,377	35
Due from other governmental units	348,829	215,000
Due from component units	10,813	-
Inventories	-	-
Prepaid expenditures	120,875	3,744
Total assets	\$ 6,990,138	\$ 1,882,403
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 309,771	\$ 9,608
Deposits payable	32,778	-
Accrued payroll	115,937	3,594
Other liabilities	-	-
Due to other funds	8,369	2,680
Unearned revenue	981,827	-
Total liabilities	1,448,682	15,882
Deferred inflows of resources:		
Unavailable revenue, property taxes	182,214	-
Unavailable revenue, leases	446,737	-
Unavailable revenue, special assessments	-	-
Unavailable revenue, grants	-	-
Total deferred inflows of resources	628,951	-
Fund balances:		
Nonspendable	120,875	3,744
Restricted	184,689	1,862,777
Committed	182,297	-
Assigned	-	-
Unassigned	4,424,644	-
Total fund balances	4,912,505	1,866,521
Total liabilities, deferred inflows of resources and fund balances	\$ 6,990,138	\$ 1,882,403

American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
\$ 962,433	\$ 1,374,738	\$ 6,777,185
-	99,196	2,561,861
-	1,202,902	1,202,902
-	76,882	569,329
-	-	181,500
-	97,580	594,822
-	2,502	2,502
-	689	100,101
-	201,282	765,111
-	-	10,813
-	22,909	22,909
-	9,204	133,823
<u>\$ 962,433</u>	<u>\$ 3,087,884</u>	<u>\$ 12,922,858</u>
\$ -	\$ 74,202	\$ 393,581
-	-	32,778
-	9,606	129,137
-	1,410	1,410
-	2,508	13,557
894,917	92,995	1,969,739
<u>894,917</u>	<u>180,721</u>	<u>2,540,202</u>
-	-	182,214
-	87,768	534,505
-	2,502	2,502
-	132,505	132,505
<u>-</u>	<u>222,775</u>	<u>851,726</u>
-	1,197,540	1,322,159
-	1,049,717	3,097,183
-	486,628	668,925
67,516	-	67,516
-	(49,497)	4,375,147
<u>67,516</u>	<u>2,684,388</u>	<u>9,530,930</u>
<u>\$ 962,433</u>	<u>\$ 3,087,884</u>	<u>\$ 12,922,858</u>

See accompanying notes to financial statements.



City of Alpena

Reconciliation of the Balance Sheet - Governmental Funds
to the Government-Wide Statement of Net Position

June 30, 2024

Fund balances - total governmental funds		\$ 9,530,930
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.</p>		
Capital assets not being depreciated	\$ 3,289,924	
Capital assets being depreciated, net	23,095,347	
Less capital assets accounted for in internal service funds	(756,084)	25,629,187
<p>Long-term debt and compensated absences are not due and payable in the current period and therefore have not been included in the governmental funds.</p>		
Compensated absences	(252,018)	
Bonds payable	(670,000)	
Lease liability	(403,603)	
Add lease liability accounted for in internal service funds	200,143	(1,125,478)
<p>Certain pension and OPEB related amounts, such as the net liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the governmental funds.</p>		
Net pension liability	(11,119,939)	
Deferred outflows related to the net pension liability	1,042,318	
Deferred inflows related to the net pension liability	(118,095)	(10,195,716)
Net OPEB liability	(944,376)	
Deferred outflows related to the net OPEB liability	245,234	
Deferred inflows related to the net OPEB liability	(1,436,507)	(2,135,649)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(5,048)
Deferred inflows of resources in the governmental funds is susceptible to full accrual on the government-wide statements.		317,221
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		3,719,427
Net position of governmental activities		\$ 25,734,874

See accompanying notes to financial statements.

City of Alpena

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2024

	General	Major Street
Revenues		
Property taxes	\$ 4,813,363	\$ -
Special assessment revenue	-	-
Licenses and permits	40,637	-
State revenue	2,343,615	1,434,757
Federal revenue	6,899	-
Local grant revenue	1,131,040	-
Charges for services	2,549,540	13,151
Investment income and rents	491,961	86,936
Fines and forfeitures	22,840	-
Other	316,327	35,395
Total revenues	11,716,222	1,570,239
Expenditures		
Current operations:		
General government	2,745,277	3,435
Public safety	5,597,980	-
Public works	1,294,572	747,884
Health and welfare	22,500	-
Community and economic development	316,245	-
Recreation and culture	645,900	-
Debt service:		
Principal retirement	32,144	-
Interest and fees	13,304	-
Total expenditures	10,667,922	751,319
Excess (Deficiency) of Revenues Over Expenditures	1,048,300	818,920
Other Financing Sources (Uses)		
Proceeds from sale of capital assets	92,784	-
Transfers in	65,347	-
Transfers out	(1,229,431)	(175,000)
Total other financing sources (uses)	(1,071,300)	(175,000)
Net Change in Fund Balances	(23,000)	643,920
Fund Balances, beginning of year	4,935,505	1,222,601
Fund Balances, end of year	\$ 4,912,505	\$ 1,866,521

American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,813,363
-	1,214	1,214
-	16,355	56,992
-	454,543	4,232,915
124	-	7,023
-	-	1,131,040
-	627,934	3,190,625
45,664	433,589	1,058,150
-	2,497	25,337
-	4,757	356,479
<u>45,788</u>	<u>1,540,889</u>	<u>14,873,138</u>
124	6,227	2,755,063
-	362,326	5,960,306
-	1,343,138	3,385,594
-	-	22,500
-	-	316,245
-	-	645,900
-	117,002	149,146
-	27,412	40,716
<u>124</u>	<u>1,856,105</u>	<u>13,275,470</u>
<u>45,664</u>	<u>(315,216)</u>	<u>1,597,668</u>
-	-	92,784
-	465,863	531,210
-	(65,347)	(1,469,778)
-	400,516	(845,784)
45,664	85,300	751,884
<u>21,852</u>	<u>2,599,088</u>	<u>8,779,046</u>
<u>\$ 67,516</u>	<u>\$ 2,684,388</u>	<u>\$ 9,530,930</u>

See accompanying notes to financial statements.



City of Alpena

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Government-Wide Statement of Activities

For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	751,884
--	----	---------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay	\$ 604,106	
Depreciation expense	(1,664,063)	
Proceeds from sale of capital asset	(92,784)	
Gain on capital asset disposal	<u>27,036</u>	(1,125,705)

The borrowing of and repayment of bond and land purchase loan principal is an other financing source and expenditure in the governmental funds, but the borrowings increase long-term liabilities and the repayments reduces long-term liabilities in the statement of net position.

Lease liability payments	23,834	
Bond principal payments	<u>105,000</u>	128,834

Some revenues (costs) reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Change in deferred inflow of resources - unearned revenue		70,662
---	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	656	
Change in long-term compensated absences	(13,774)	
Change in net pension liability	(900,704)	
Change in long-term OPEB obligations	<u>536,981</u>	(376,841)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

		<u>1,052,847</u>
--	--	------------------

Change in net position of governmental activities	\$	<u><u>501,681</u></u>
---	----	-----------------------

City of Alpena

Statement of Net Position - Proprietary Funds

June 30, 2024

	Business-type Activities - Enterprise Funds	
	Sewage	Water
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,301,574	\$ 6,194,770
Investments, at fair value	-	-
Accounts receivable, net	1,079,966	2,959,809
Interest receivable	-	-
Due from other funds	-	-
Inventories	-	-
Prepaid expenditures	7,900	7,852
Total current assets	4,389,440	9,162,431
Noncurrent assets:		
Capital assets not being depreciated	1,850,183	1,704,465
Capital assets being depreciated, net	15,550,030	13,805,166
Total noncurrent assets	17,400,213	15,509,631
Total assets	21,789,653	24,672,062
Liabilities		
Current liabilities:		
Accounts payable	431,096	586,448
Deposits payable	-	2,725
Accrued payroll	412	423
Accrued interest payable	6,011	6,917
Unearned revenue	-	3,000,000
Lease liability, current portion	-	-
Bonds and notes payable, current portion	195,000	185,000
Total current liabilities	632,519	3,781,513
Noncurrent liabilities:		
Lease liability	-	-
Bonds and notes payable	1,030,659	958,160
Total liabilities	1,663,178	4,739,673
Net Position		
Net investment in capital assets	16,174,554	14,366,471
Restricted for:		
Debt service	31,559	31,563
Unrestricted	3,920,362	5,534,355
Total net position	\$ 20,126,475	\$ 19,932,389

Enterprise Funds - Current Year Totals	Governmental Activities - Internal Service Funds
\$ 9,496,344	\$ 1,361,513
-	1,483,647
4,039,775	16,476
-	9,806
-	13,557
-	357,277
15,752	10,804
<u>13,551,871</u>	<u>3,253,080</u>
3,554,648	-
29,355,196	756,084
<u>32,909,844</u>	<u>756,084</u>
<u>46,461,715</u>	<u>4,009,164</u>
1,017,544	33,914
2,725	-
835	981
12,928	-
3,000,000	54,699
-	42,116
380,000	-
<u>4,414,032</u>	<u>131,710</u>
-	158,027
1,988,819	-
<u>6,402,851</u>	<u>289,737</u>
30,541,025	555,941
63,122	-
9,454,717	3,163,486
<u>\$ 40,058,864</u>	<u>\$ 3,719,427</u>

See accompanying notes to financial statements.

City of Alpena

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds	
	Sewage	Water
Operating Revenues		
Charges for services	\$ 3,107,938	\$ 3,668,529
Other services	22,578	7,519
Total operating revenues	3,130,516	3,676,048
Operating Expenses		
Salaries and wages	44,104	58,100
Employee benefits	12,289	20,710
Supplies and durable goods	81,361	241,316
Gas and oil	-	-
Professional and contractual	1,139,813	1,016,401
Administrative services	186,000	186,000
Insurance	14,982	15,140
Utilities	318,187	129,947
Repairs and maintenance	46,589	201,746
Equipment rental	59,053	24,536
Interest on lease	-	-
Miscellaneous	1,041	2,021
Settlement adjustment	82,368	322,137
Depreciation	579,555	487,073
Total operating expenses	2,565,342	2,705,127
Operating Income (Loss)	565,174	970,921
Nonoperating Revenues (Expenses)		
Investment income and rents	247,879	390,070
Interest expense	(25,967)	(29,751)
Gain (loss) on capital asset disposals	-	-
Total nonoperating revenues (expenses)	221,912	360,319
Net income (loss) before transfers and special item	787,086	1,331,240
Transfers		
Transfers in	-	-
Change in Net Position	787,086	1,331,240
Net Position, beginning of year	19,339,389	18,601,149
Net Position, end of year	\$ 20,126,475	\$ 19,932,389

Enterprise Funds - Current Year Totals	Governmental Activities - Internal Service Funds
\$ 6,776,467	\$ 1,100,359
30,097	-
<u>6,806,564</u>	<u>1,100,359</u>
102,204	58,003
32,999	30,371
322,677	322,134
-	99,128
2,156,214	3,826
372,000	255,000
30,122	19,838
448,134	-
248,335	113,939
83,589	6,991
-	15,597
3,062	12,433
404,505	-
1,066,628	153,592
<u>5,270,469</u>	<u>1,090,852</u>
<u>1,536,095</u>	<u>9,507</u>
637,949	62,131
(55,718)	-
-	42,641
<u>582,231</u>	<u>104,772</u>
<u>2,118,326</u>	<u>114,279</u>
-	938,568
2,118,326	1,052,847
<u>37,940,538</u>	<u>2,666,580</u>
<u>\$ 40,058,864</u>	<u>\$ 3,719,427</u>

See accompanying notes to financial statements.

City of Alpena

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds	
	Sewage	Water
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 3,011,848	\$ 3,424,429
Receipts from interfund service provided	-	-
Payments to suppliers	(1,268,853)	(1,066,681)
Payments to employees	(56,897)	(78,899)
Payments for interfund services used	(186,770)	(186,068)
Net cash provided (used) by operating activities	<u>1,499,328</u>	<u>2,092,781</u>
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,915,910)	(1,826,713)
Proceeds from capital asset disposals	-	-
Proceeds from debt issuance	-	-
Principal paid on capital debt	(195,000)	(185,000)
Interest paid on capital debt	(26,930)	(30,874)
Net cash provided (used) by capital and related financing activities	<u>(2,137,840)</u>	<u>(2,042,587)</u>
Cash Flows from Investing Activities		
Purchase of investments	-	-
Proceeds from sale of investments	-	-
Interest and dividends received	247,879	390,070
Net cash provided (used) by investing activities	<u>247,879</u>	<u>390,070</u>
Net increase (decrease) in cash and cash equivalents	(390,633)	440,264
Cash and Cash Equivalents, beginning of year	<u>3,692,207</u>	<u>5,754,506</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 3,301,574</u></u>	<u><u>\$ 6,194,770</u></u>

Enterprise Funds - Current Year Totals	Governmental Activities - Internal Service Funds
\$ 6,436,277	\$ -
-	1,083,883
(2,335,534)	(599,028)
(135,796)	(88,137)
(372,838)	(258,784)
<u>3,592,109</u>	<u>137,934</u>
-	993,267
<u>-</u>	<u>993,267</u>
(3,742,623)	(365,316)
-	42,641
-	125,749
(380,000)	(31,659)
(57,804)	-
<u>(4,180,427)</u>	<u>(228,585)</u>
-	(500,000)
-	250,000
637,949	57,462
<u>637,949</u>	<u>(192,538)</u>
49,631	710,078
<u>9,446,713</u>	<u>651,435</u>
<u>\$ 9,496,344</u>	<u>\$ 1,361,513</u>

City of Alpena

Statement of Cash Flows
Proprietary Funds (continued)

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds	
	Sewage	Water
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 565,174	\$ 970,921
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	579,555	487,073
(Increase) decrease in accounts receivable	(36,300)	70,518
(Increase) decrease in due from other funds	-	-
(Increase) decrease in inventories	-	-
(Increase) decrease in prepaid expenditures	53	60
Increase (decrease) in accounts payable	392,120	564,366
Increase (decrease) in accrued payroll	(504)	(89)
Increase (decrease) in due to other funds	(770)	(68)
Net cash provided (used) by operating activities	\$ 1,499,328	\$ 2,092,781
Non-Cash Investing, Capital and Financing Activities		
Increase (decrease) in fair value of investments	\$ -	\$ -

<u>Enterprise Funds - Current Year Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 1,536,095	\$ 9,507
1,066,628	153,592
34,218	(16,476)
-	(3,784)
-	(25,786)
113	27
956,486	20,617
(593)	237
(838)	-
<u>\$ 3,592,109</u>	<u>\$ 137,934</u>
<u>\$ -</u>	<u>\$ 14,021</u>

City of Alpena

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2024

	Trust Funds	Custodial Fund
	Pension (and Other Employee Benefit)	Trust and Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 33,520
Investments, at fair value:		
Short-term investment funds	384,565	-
Fixed income	8,348,573	-
Equity securities	20,310,839	-
Alternative investments	2,804,112	-
Taxes receivable	-	195,566
Interest receivable	59,801	-
	31,907,890	229,086
Total assets	31,907,890	229,086
Liabilities		
Accounts payable	26,913	29,559
Due to other governmental units	-	199,527
	26,913	199,527
Total liabilities	26,913	199,527
Net Position		
Net position restricted for:		
Pension	29,250,209	-
OPEB	2,630,768	-
	\$ 31,880,977	\$ -

City of Alpena

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Year Ended June 30, 2024

	Trust Funds	Custodial Fund
	Pension (and Other Employee Benefit)	Trust and Agency Fund
Additions		
Contributions:		
Employer	\$ 1,491,578	\$ -
Employees	222,787	-
Total contributions	<u>1,714,365</u>	<u>-</u>
Investment income:		
Net increase (decrease) in fair value of investments	1,956,238	-
Gain (loss) on securities sold	971,761	-
Interest and dividends	765,882	-
	<u>3,693,881</u>	<u>-</u>
Less investment expense	138,261	-
Net investment income	<u>3,555,620</u>	<u>-</u>
Property taxes collected	-	8,596,621
Fines, fees and miscellaneous	-	2,272
Total contributions	<u>-</u>	<u>8,598,893</u>
Total additions	<u>5,269,985</u>	<u>8,598,893</u>
Deductions		
Benefits	2,925,744	-
Lump-sum retirement payments	113,055	-
Administrative expense	58,283	-
Distributions to other governments	-	8,598,893
	<u>3,097,082</u>	<u>8,598,893</u>
Total deductions	<u>3,097,082</u>	<u>8,598,893</u>
Change in Net Position	2,172,903	-
Net Position, beginning of year	<u>29,708,074</u>	<u>-</u>
Net Position, end of year	<u>\$ 31,880,977</u>	<u>\$ -</u>



City of Alpena

Statement of Net Position - Component Units

June 30, 2024

	Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets				
Cash and cash equivalents	\$ 602,258	\$ 266,337	\$ 3,627	\$ 872,222
Taxes receivable	92	-	-	92
Prepaid items	390	-	-	390
Capital assets not being depreciated	93,756	-	-	93,756
Capital assets being depreciated, net	153,183	-	-	153,183
Total assets	849,679	266,337	3,627	1,119,643
Liabilities				
Accounts payable	3,802	-	-	3,802
Accrued payroll	1,800	-	-	1,800
Due to primary government	10,813	-	-	10,813
Long-term liabilities:				
Due within one year				
Bonds and loans	3,968	-	-	3,968
Due in more than one year				
Bonds and loans	27,743	-	-	27,743
Total liabilities	48,126	-	-	48,126
Net Position				
Net investment in capital assets	215,228	-	-	215,228
Unrestricted	586,325	266,337	3,627	856,289
Total net position	\$ 801,553	\$ 266,337	\$ 3,627	\$ 1,071,517

City of Alpena

Statement of Activities - Component Units

For the Year Ended June 30, 2024

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 290,220	\$ 24,726	\$ 398,749	\$ -
Brownfield Redevelopment Authority	128,889	9,184	22,507	-
Economic Development Corporation	36	-	-	-
	\$ 419,145	\$ 33,910	\$ 421,256	\$ -

General revenues:

Property taxes

Unrestricted state shared revenues

Investment earnings

Total general revenues

Change in Net Position

Net Position, beginning of year

Net Position, end of year

Net (Expense) Revenue and Changes in Net Position			
Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
\$ 133,255	\$ -	\$ -	\$ 133,255
-	(97,198)	-	(97,198)
-	-	(36)	(36)
<u>133,255</u>	<u>(97,198)</u>	<u>(36)</u>	<u>36,021</u>
212,668	124,113	-	336,781
3,581	-	-	3,581
19,682	4,722	-	24,404
<u>235,931</u>	<u>128,835</u>	<u>-</u>	<u>364,766</u>
369,186	31,637	(36)	400,787
<u>432,367</u>	<u>234,700</u>	<u>3,663</u>	<u>670,730</u>
<u>\$ 801,553</u>	<u>\$ 266,337</u>	<u>\$ 3,627</u>	<u>\$ 1,071,517</u>

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies.

The accounting policies of the City of Alpena, Michigan (the “City”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. Accounting and financial pronouncements are promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the significant accounting policies used by the City of Alpena, Michigan:

A. Reporting Entity.

The City was incorporated in 1871 and covers an area of approximately 8.4 square miles. The City operates under an elected Municipal Council (consisting of the Mayor and four members) and provides services to approximately 10,197 residents (2020 census) in many areas including law enforcement, fire, water, sewer, community enrichment and development, and human services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government, although the government has the ability to impose its will over the entities. The criteria established by GASB for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

Blended component units - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City of Alpena. It is reported as a part of the City and blended into the appropriate fund types.

Building Authority - The City of Alpena Building Authority is governed by a three-member board appointed by the City’s governing body. Although it is legally separate from the City, the Building Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct the City’s public buildings.

Discretely presented component units - The component units' columns in the government-wide combined financial statements include the financial data of the City's four component units. These units are reported in a separate column to emphasize that they are legally separate from the City.

City of Alpena Downtown Development Authority (DDA) – (governmental fund type)

- City approves operating budget
- City appoints governing board
- City issues bonds to finance Authority projects
- Surplus funds existing at termination of Authority vest to the City

The Downtown Development Authority was organized to promote and rehabilitate the downtown area. The Authority also sponsors downtown events.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Brownfield Redevelopment Authority – (governmental fund type)

The City of Alpena Brownfield Redevelopment Authority was created under Act 381, of P.A. 1996 of the State of Michigan to promote the revitalization, redevelopment, and reuse of contaminated, blighted and functionally obsolete properties within the City of Alpena through the use of Tax Increment Financing and State Single Business Tax credits. The Authority is governed by a six-member board appointed by the Mayor with approval of the City Council. In addition, the City Council is responsible for approving the Authority's budget.

City of Alpena Economic Development Corporation (EDC) - (governmental fund type)

- City appoints governing board
- City approves issuance of bonds to finance projects
- Surplus funds existing at termination of the EDC vest to City

The EDC was created to encourage business development and job creation within the City. The EDC provides loans to start up or expanding businesses. The EDC has no operating activity during the current year.

Separate financial statements for the four discretely presented component units are not prepared. Questions about these organizations may be directed to the City of Alpena Clerk-Treasurer.

Jointly governed organization – Northeast Michigan Materials Management Authority - The Northeast Michigan Materials Management Authority (NMMMA) functions as a jointly governed organization between the County of Alpena, the Charter Township of Alpena, the City of Alpena, Green Township, Long Rapids Township, Maple Ridge Township, Ossineke Township, Sanborn Township, Wellington Township, and Wilson Township. NMMMA was established to furnish resources and materials recovery services and to acquire, own, improve, enlarge, extend, operate, and administer a resource and materials recovery system and facilities. The City has no financial obligation to NMMMA. Complete financial statements can be obtained from NMMMA's Treasurer's office at 720 W. Chisholm Street, Alpena, MI 49707.

B. Government-Wide and Fund Financial Statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds, fiduciary funds, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. Grants with eligibility requirements imposed by the provider are also susceptible to accrual when the requirements are met. All other revenue items are considered to be available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The government reports the following major governmental funds:

General Fund. This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Street Fund. This fund accounts for the resources of state gas and weight tax revenues that are restricted for use on City streets that have been designated as major by the Michigan Department of Transportation. This fund is deemed to be a major fund due to its importance to financial statement users.

American Rescue Plan Act Fund. This fund is used to account for the grant funds received under the American Rescue Plan Act.

The government reports the following major proprietary funds:

Sewage Fund. Accounts for the activities associated with the collection and purification of wastewater.

Water Fund. Accounts for the activities related to water production, purification, distribution and billing.

Additionally, the City of Alpena reports the following fund types:

Special Revenue Funds. Account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified services.

Capital Project Funds. These funds are used to account for the acquisition or construction of capital facilities.

Debt Service Funds. Account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Internal Service Funds. Account for major machinery and equipment purchases and maintenance, as well as supply inventory services provided to other departments of the government on a cost reimbursement basis.

Pension and Other Employee Benefit Trust Funds. These account for the activities of the City of Alpena's employee retirement system which accumulates resources for pension benefit payments to qualified employees and funding of employee health care benefits.

Custodial Fund. This fund is used to account for property taxes collected and distributed to other governments in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net position of fund balances are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and then unassigned.

D. Assets, Liabilities, and Net Position or Equity.

Cash and Investments. The City maintains and controls two cash and investment pools in which the primary government and component unit's share. Each fund's or component unit's portion of a pool is displayed on its respective balance sheet. Cash and cash equivalents are considered to be cash on hand, demand deposits, pooled cash, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value which is determined using selective bases. Securities traded on a national exchange are valued at the last reported sales price.

Receivables and Payables. In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st and December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items. Inventories are valued at the lower of cost or net realizable value, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Deferred Outflows of Resources. In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans as well as for the deferred loss on refunding. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Land improvements	20 to 25 years
Buildings	40 to 45 years
Building improvements	15 to 45 years
Machinery and equipment	3 to 45 years
Infrastructure	10 to 75 years
Right-of-use – Vehicles	5 years

Compensated Absences (Vacation and Sick Leave). City employees are granted vacation and sick leave in varying amounts based on length of service and union contracts. Vacation pay is fully vested when earned; upon termination, employees are paid accumulated vacation at their regular pay rates to a limit of 100% of their current annual earned vacation.

Administrative and non-union employees hired prior to May 19, 2003 are granted 120 days of sick leave at the time of hire. If after using some or all of his/her sick leave, an employee goes six (6) months without missing a scheduled day of work, his/her sick leave bank is restored to 120 days. For employees hired on or after May 19, 2003, the number of sick days is 90. At termination, death, or retirement, no payment is made to an administrative or non-union employee (or heirs) for unused sick leave.

Clerical employees, Public Works employees, Police Patrol, and Police Command Officers earn sick leave at the rate of eight hours for each full month of service, and Firefighters/EMS employees earn sick leave at the rate of 12 hours for each full month of service or if they regularly work 40 hours per week, then they earn sick leave at the rate of eight hours for each month of service. The caps are as follows:

	<u>Days</u>
Clerical employees	90
Public Works employees	90
Police Patrol	90
Police Command Officers	90
Firefighters/EMS employees	unlimited

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Upon retirement, clerical employees are paid for one-half of their accumulated sick leave based on their hourly straight-time rate of pay at the time of retirement. No payments for unused sick leave are made at termination or death.

Upon retirement, public works employees shall receive one-half of his or her accumulated sick leave. However, the pay is not to exceed one-half of 75 days. This payment is based on the hourly straight time rate at the time of retirement. Public works employees hired on or after July 1, 2011, shall not receive the payout of accumulated sick leave upon retirement.

Police Patrol employees hired prior to July 1, 2011, upon retirement or death, shall receive one-half of their accumulated sick leave based on the employee's average hourly straight-time rate at the time of retirement. Police patrol employees hired after July 1, 2011, upon retirement or death, shall receive their accumulated sick leave, not to exceed \$500.

Police Command Officers hired before July 1, 2011, retiring employees shall receive one-half of their accumulated sick leave based on average hourly straight-time rate at the time of retirement. Police Command Officers hired on or after July 1, 2011, will not receive a payout of any accumulated sick leave upon retirement.

Upon either retirement or death of Firefighter/EMS employees hired before July 1, 2011, shall receive one-half of accumulated sick leave up to 1,456 hours for 24-hour employees or up to 1,040 for 40-hour employees, or prorated proportionately if an employee has sick leave in the bank, at the employee's regular straight-time hourly rate of pay at the time of retirement or death. The payoff is limited to 13 weeks of pay. Firefighter/EMS employees hired on or after July 1, 2011, will not receive unused sick leave payment upon retirement or death.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for nonvested accumulated sick leave. All vacation pays, and vested sick leave is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. The General Fund has been used to liquidate the liability for compensated absences in prior years.

Deferred Inflows of Resources. In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Leases. *Lessor:* The City is the lessor for noncancelable leases of cellular towers. The City recognizes a lease receivable and a deferred inflow of resources in the governmental fund financial statements and the governmental activities in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee with escalation over the term of the lease.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee: The City is a lessee for noncancelable leases of vehicles. The City recognizes lease liabilities and intangible right-of-use lease assets in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be received during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease period or the estimated useful life.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Based Information Technology Arrangements. Subscription Based Information Technology Arrangements (SBITAs) are required to be recognized as a subscription liability and right-of-use SBITA asset for arrangements that meet the definition of a SBITA under GASB 96. The initial subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Right-of-use SBITA assets are initially measured at the amount equal to the initial measurement of the SBITA liability plus any SBITA payments made prior to the SBITA term, less incentives, and adding any ancillary charges necessary to place the SBITA into service. The City recognizes SBITAs with an initial, individual value of \$5,000 or more. The City did not have any material SBITAs that required recognition for the year ending June 30, 2024.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Long-Term Obligations. In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Net Other Postemployment Benefit (OPEB) Liability. Beginning in fiscal year 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires governments providing defined benefit post-employment benefits (other than pensions) to recognize the net OPEB liability and the OPEB expense on their financial statements. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net OPEB liability is recorded on the government-wide statements and is computed differently than the prior unfunded actuarial accrued liability, using specific parameters set forth by the GASB.

Net Pension Liability. Beginning in fiscal year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments providing defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide statements and is computed differently than the prior unfunded actuarial accrued liability, using specific parameters set forth by the GASB.

Net Position. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Fund Equity. In the fund financial statements, governmental funds report various components of fund balance. Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance**-amounts that are not in a spendable form (such as inventory and prepaid expenditures) or are legally or contractually required to be maintained intact;
- **Restricted fund balance**-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

- **Committed fund balance**-amounts constrained and formally set aside to specific purposes by a government itself, using its highest level of decision-making authority the City Council. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- **Assigned fund balance**-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the city manager or clerk/treasurer/finance director, who are authorized by a resolution approved by the governing body to make assignments;
- **Unassigned fund balance**-amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

In the General Fund, the City strives to maintain a minimum unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing uses. When unassigned fund balance approaches its minimum threshold, the following measures will be considered:

- Cut or delay pay-as-you-go capital improvements from the Capital Improvement Plan;
- Cut general operating expenses;
- Increase rates and charges funding specific revenues to make them self-sufficient where possible.

The City has not established a policy for its use of unrestricted fund balance amounts. Therefore, in accordance with GASB Statement 54, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. When both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed.

Budget Stabilization. In accordance with P.A. 30 of 1978 (MCL141.441 et seq., MSA 5.3230(1) et seq.), City Council established the Budget Stabilization Fund. The Budget Stabilization Fund is considered part of the General Fund for financial reporting purposes. By a two-thirds vote of City Council members, all or part of a surplus in the General Fund may be appropriated for budget stabilization. At June 30, 2024, the amount committed for budget stabilization was \$43,547. The City Council may appropriate the committed funds by resolution of a two-thirds vote for the following purposes:

- To cover a General Fund deficit, when the City's annual audit reveals such a deficit;
- To prevent a reduction in the level of public services or in the number of employees at any time in the fiscal year when the City's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses;
- To prevent a reduction in the level of public services or in the number of employees when, in preparing the budget for the next fiscal year, the City's estimated revenue does not appear sufficient to cover estimated expenses;
- To cover expenses arising because of a natural disaster, including a flood, fire, or tornado, unless federal or state funds are received to cover such expenses.

City of Alpena

Notes to Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

Contracted Services. On July 1, 1988 the City turned over operation of its Water and Sewage Treatment Plants to a private contractor, who is also responsible for billings and collection of payments. Except for certain equipment, ownership of these plants remains with the City. Various other maintenance services previously performed by the City are now being provided by independent contractors.

Proprietary Funds Operating Classification. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the water and sewer fund and the internal service fund is charges to customers for sales and services. The water and sewer fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administration, expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Statements of Cash Flows. The City presents statements of cash flows for all proprietary fund types. These statements, which have been prepared utilizing the direct method, analyze the net increase or decrease in cash and cash equivalents by source. For purposes of the statements of cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less and the deposits in the investment funds to be cash equivalents.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data / Reclassifications. Comparative total data for the prior year have been presented in only the management discussion and analysis and in the certain individual fund financial statements (which are considered supplementary information) in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Special Item. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. There were no transactions that were considered special items during the current fiscal year.

Note 2--Stewardship, Compliance and Accountability.

Budgetary Information. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State of Michigan Public Act ("P.A.") 2 of 1968, as amended, for the General Fund and each special revenue fund. Budgets are not required for debt service, capital project, enterprise, and internal service funds. Prior to adoption of the budgets, City departments prepare and submit their proposed operating budgets for the period commencing July 1. A public hearing is conducted the second meeting in May to obtain taxpayer comments. Prior to July 1, the budget is adopted by the Council. Budgeted amounts shown are as originally adopted and as amended by the Council during the year. Unused appropriations lapse at June 30 and are not carried forward to the following year, unless approved by the City Council.

City of Alpena

Notes to Financial Statements

Note 2--Stewardship, Compliance and Accountability. (continued)

After the budget is adopted, the City Manager and the Clerk/Treasurer are authorized to transfer budgeted amounts between accounts within a department. However, any revisions that alter the total expenditures of a department or fund must be approved by the City Council. Activities of the General Fund and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriation amount) is established by department within the individual funds. Detail at the activity level is presented in the General Fund - Comparative Schedule of Revenues, Expenditures and Fund Balances – Budget and Actual for the benefit of management.

Individual budget amendments were not material in relation to the original appropriations.

Excess of Expenditures Over Appropriations in Budgeted Funds. The Uniform Budgeting and Accounting Act, P.A. 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The City of Alpena’s budgeted and actual expenditures for the funds budgeted have been shown on a departmental basis by function.

<u>Budget Item</u>	<u>Appropriated</u>	<u>Expended</u>	<u>Variance</u>
General Fund			
General government			
City Council	\$ 57,359	\$ 57,489	\$ (130)
City Manager	150,568	151,403	(835)
Treasurer	155,141	155,511	(370)
Elections	31,048	33,101	(2,053)
Other	9,036	9,044	(8)
Public works			
Cemetery	206,722	225,779	(19,057)
Debt service			
Principal	-	32,144	(32,144)
Interest	-	13,304	(13,304)
Major Street Fund			
General government	3,200	3,435	(235)
Public works			
Administration and engineering	49,684	50,146	(462)
Maintenance			
Trunkline	113,787	117,291	(3,504)
Bridges	89,591	93,832	(4,241)
Traffic control	50,714	59,216	(8,502)
Streets	255,454	264,908	(9,454)

City of Alpena

Notes to Financial Statements

Note 2--Stewardship, Compliance and Accountability. (continued)

Accumulated Fund Deficits. The City of Alpena's Marina Fund has an unassigned deficit of \$24,299 as of June 30, 2024. This was the result of the fund incurring eligible grant expenditures during the fiscal year ending June 30, 2024, with the associated grant revenue not considered available under the modified accrual basis of accounting as of June 30, 2024. Consequently, the eligible grant revenue has been recognized as a deferred inflow of resources and is anticipated to be available and recognized in revenue in the subsequent fiscal year.

Note 3--Cash and Investments.

Michigan Compiled Laws, Section 129.91, authorizes the City of Alpena to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Pension Trust Fund is also authorized to invest in certain reverse repurchase agreements, equity securities, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (limited to 5 percent of the trust fund's assets if total assets are less than \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the City Council has authorized investments to those listed under the State's statutory authority as noted above. The City of Alpena's deposits and investments are in accordance with statutory authority.

Michigan Compiled Law, Section 128.4, authorizes the City of Alpena to establish and maintain an irrevocable endowment as a component fund within a community foundation to lessen the burden of investing the funds for the Perpetual Lot Care Fund. The City has established such an endowed fund with the local community foundation and the funds are to be invested in perpetuity, except that the community foundation shall annually authorize two distributions of interest and other earnings to the municipality for the care and maintenance of the cemetery.

City of Alpena

Notes to Financial Statements

Note 3--Cash and Investments. (continued)

At year end, the City of Alpena's cash and investments were reported in the accompanying financial statements in the following categories:

	Primary Government	Component Units	Total
Statement of net position			
Cash and cash equivalents	\$ 17,635,042	\$ 872,222	\$ 18,507,264
Investments, at fair value	4,045,508	-	4,045,508
Statement of fiduciary net position			
Cash and cash equivalents	33,520	-	33,520
Investments, at fair value	31,848,089	-	31,848,089
 Total	 \$ 53,562,159	 \$ 872,222	 \$ 54,434,381

Cash and investments as of June 30, 2024 consisted of the following:

	Primary Government	Component Units	Total
Bank deposits (demand accounts)	\$ 17,515,417	\$ 872,222	\$ 18,387,639
Certificates of deposit due within one year	150,375	-	150,375
Cash on hand	2,770	-	2,770
Investments, at fair value			
Short-term investment funds	384,565	-	384,565
Brokerage certificates	1,768,882	-	1,768,882
Municipal bonds	1,021,991	-	1,021,991
Treasury bonds	1,254,635	-	1,254,635
Fixed income - mutual funds	8,348,573	-	8,348,573
Alternative investments:			
Mutual funds	740,059	-	740,059
Hedge funds	1,500,000	-	1,500,000
Other	564,053	-	564,053
Equity securities	20,310,839	-	20,310,839
	 \$ 53,562,159	 \$ 872,222	 \$ 54,434,381

City of Alpena

Notes to Financial Statements

Note 3--Cash and Investments. (continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not directly address a deposit policy for custodial credit risk. At year end, the City had demand bank deposits (certificates of deposit, checking, and savings accounts) with a carrying amount of \$18,538,014 and a bank balance of \$18,848,215. FDIC insurance provides \$250,000 coverage for aggregated interest and noninterest bearing accounts per insured bank. From the bank balance, \$18,478,853 was covered by federal depository insurance and \$369,362 was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

	Carrying Amount	Bank Balance	Insured	Uninsured
Cash and cash equivalents	\$ 17,515,417	\$ 17,823,591	\$ 17,823,591	\$ -
Certificates of deposit	150,375	151,638	151,638	-
Downtown Development Authority	602,258	602,521	250,000	352,521
Brownfield Redevelopment Authority	266,337	266,841	250,000	16,841
Economic Development Authority	3,627	3,624	3,624	-
Totals	\$ 18,538,014	\$ 18,848,215	\$ 18,478,853	\$ 369,362

Custodial Credit Risk of Investments. For investments this is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

Interest Rate Risk. The risk that changes in market interest rates will adversely affect the fair value of an investment. The City through its investment policy, manages its exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric. At year end, the average maturities of investments are as follows:

City of Alpena

Notes to Financial Statements

Note 3--Cash and Investments. (continued)

Investment Type	Fair Value	Investment Maturities (Fair Value by Years)		
		<1	1-5	6-10
Short-term investment funds	\$ 384,565	\$ 384,565	\$ -	\$ -
Brokerage certificates	1,768,882	1,248,290	520,592	-
Municipal bonds	1,021,991	-	649,659	372,332
Treasury bonds	1,254,635	794,568	377,137	82,930
Mutual funds - fixed income	8,348,573	8,348,573	-	-
Alternative investments:				
Mutual funds	740,059	740,059	-	-
Hedge funds	1,500,000	1,500,000	-	-
Other	564,053	564,053	-	-
	<u>\$ 15,582,758</u>	<u>\$13,580,108</u>	<u>\$1,547,388</u>	<u>\$ 455,262</u>

Concentration of Credit Risk. The City places no limits on the amount the City may invest in any one issuer.

Credit Risk. In compliance with State law, the City's investment policy limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of debt securities (other than the U.S. government securities) are as follows:

Investment Type	Fair Value of Investments	Rating	Rating Organization
City investment pool:			
Municipal bonds	\$ 421,859	Aa1	Moody's
Municipal bonds	372,332	A1	Moody's
Municipal bonds	227,800	AA	Standard and Poor's
Treasury bonds	756,965	Aaa	Moody's
Treasury bonds	497,670	Not rated	N/A
Brokerage certificates	1,768,882	Not rated	N/A
	<u>\$ 4,045,508</u>		
Pension trust fund:			
Mutual funds - fixed income	\$ 8,348,573	Not rated	N/A
Alternative investments - mutual funds	740,059	Not rated	N/A
Alternative investments - hedge funds	1,500,000	Not rated	N/A
Alternative investments - other	564,053	Not rated	N/A
	<u>\$11,152,685</u>		

Foreign Currency Risk. Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates.

City of Alpena

Notes to Financial Statements

Note 3--Cash and Investments. (continued)

The pension fund has exposure to the international asset class in order to increase diversification and reduce risk. The investments held by the pension fund are protected from foreign currency risk through the use of ADRs (American Depository Receipts).

Fair Value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs and are based on estimates and assumptions. These levels are determined by the investment manager.

In instances whereby, inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

This space intentionally left blank.

City of Alpena

Notes to Financial Statements

Note 3--Cash and Investments. (continued)

	Balance at June 30, 2024	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
General Investments:				
Debt Securities:				
Brokerage certificates	\$ 1,768,882	\$ -	\$ 1,768,882	\$ -
Treasury bonds	1,254,635	1,254,635	-	-
Municipal bonds	1,021,991	-	1,021,991	-
Total investments by fair value level	<u>\$ 4,045,508</u>	<u>\$ 1,254,635</u>	<u>\$ 2,790,873</u>	<u>\$ -</u>
Beneficial interest	<u>\$ 1,202,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202,902</u>
Pension and Employee Health Care Trust Funds:				
Equity Securities:				
ETF	\$ 5,801,097	\$ 5,801,097	\$ -	\$ -
Mutual funds	14,509,742	14,509,742	-	-
Total equity securities	<u>20,310,839</u>	<u>20,310,839</u>	<u>-</u>	<u>-</u>
Fixed Income - Mutual funds	<u>8,348,573</u>	<u>8,348,573</u>	<u>-</u>	<u>-</u>
Alternative investments:				
Mutual funds	740,059	-	740,059	-
Hedge funds	1,500,000	-	-	1,500,000
Other	564,053	-	-	564,053
Total alternative investments	<u>2,804,112</u>	<u>-</u>	<u>740,059</u>	<u>2,064,053</u>
Other:				
Short-term investment funds	<u>384,565</u>	<u>384,565</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 31,848,089</u>	<u>\$ 29,043,977</u>	<u>\$ 740,059</u>	<u>\$ 2,064,053</u>

Treasury bonds, exchange traded funds (ETF), and mutual funds are classified in Level 1 are valued using prices quoted in active markets for those securities. Short-term investment funds are held by equity managers as a temporary investment vehicle for cash prior to entrance into the equity market and are also classified as Level 1.

The fair value of brokerage certificates, municipal bonds, and mutual funds at June 30, 2024 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of beneficial interest, alternative investment hedge funds and other alternative investments was determined based on Level 3 inputs.

City of Alpena

Notes to Financial Statements

Note 4--Receivables.

Receivables for the primary government and component units at June 30, 2024 are as follows:

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Receivables (net of allowance for uncollectables)	\$ 585,805	\$ 4,039,775	\$ 4,625,580	\$ -
Taxes receivable	181,500	-	181,500	92
Special assessment receivable	2,502	-	2,502	-
Lease receivable	594,822	-	594,822	-
Interest receivable	109,907	-	109,907	-
Due from governmental units	765,111	-	765,111	-
	\$ 2,239,647	\$ 4,039,775	\$ 6,279,422	\$ 92

Amounts not expected to be collected within one year are \$478,680 of the lease receivable.

This space intentionally left blank.

City of Alpena

Notes to Financial Statements

Note 5--Interfund Receivables, Payables, and Transfers.

The composition of interfund receivable/payable balances at June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
Governmental Activities		
General Fund	\$ -	\$ 8,369
Special revenue funds:		
Major Street Fund	-	2,680
Local Street Fund	-	2,162
Marina Fund	-	346
Internal service fund:		
Equipment Fund	13,557	-
	\$ 13,557	\$ 13,557

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended June 30, 2024, interfund transfers consisted of the following:

	Transfer In	Transfer Out
Marina Fund	\$ 98,612	\$ -
Building Authority Debt Fund	126,503	-
Major Street Fund	65,748	-
Equipment Fund	817,913	-
Stores Fund	120,655	-
General Fund	-	1,229,431
Local Street Fund	175,000	-
Major Street Fund	-	175,000
General Fund	65,347	-
Perpetual Lot Care Fund	-	65,347
	\$ 1,469,778	\$ 1,469,778

The transfer to the Local Street Fund from the Major Street Fund represents the transfer of restricted resources for local road projects; the transfer from the General Fund to the Building Authority Debt Fund represents the amount transferred to pay the bond payments; and the transfer from the General Fund to the Marina, Major Street, and Stores Funds represent cash flow assistance for the purpose of purchasing materials and supplies; the transfer from the Perpetual Lot Care Fund to the General Fund represents a change in committed resources; the transfer from the General Fund to the Equipment Fund represents the transfer of unrestricted resources for the purchase of equipment.

City of Alpena

Notes to Financial Statements

Note 6--Capital Assets.

Capital asset activity of the primary government for the current year was as follows:

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,112,864	\$ -	\$ (65,749)	\$ 3,047,115
Construction in progress	472,774	49,461	(279,426)	242,809
	3,585,638	49,461	(345,175)	3,289,924
Capital assets being depreciated:				
Land improvements	6,948,261	274,844	-	7,223,105
Buildings and improvements	10,409,254	19,807	-	10,429,061
Machinery and equipment	9,515,773	355,091	(810,954)	9,059,910
Infrastructure	52,414,391	396,407	-	52,810,798
ROU Vehicles	369,959	135,642	-	505,601
	79,657,638	1,181,791	(810,954)	80,028,475
Accumulated depreciation:				
Land improvements	(4,174,530)	(192,656)	-	(4,367,186)
Buildings and improvements	(5,623,267)	(214,578)	-	(5,837,845)
Machinery and equipment	(8,275,925)	(323,323)	802,774	(7,796,474)
Infrastructure	(37,807,528)	(997,029)	-	(38,804,557)
ROU Vehicles	(36,996)	(90,070)	-	(127,066)
	(55,918,246)	(1,817,656)	802,774	(56,933,128)
Net capital assets being depreciated	23,739,392	(1,189,978)	(8,180)	23,095,347
Net governmental capital assets	\$ 27,325,030	\$(1,140,517)	\$ (353,355)	\$ 26,385,271

City of Alpena

Notes to Financial Statements

Note 6--Capital Assets. (continued)

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 12	\$ -	\$ -	\$ 12
Construction in progress	500,214	3,365,470	(311,048)	3,554,636
	500,226	3,365,470	(311,048)	3,554,648
Capital assets being depreciated:				
Land improvements	573,255	-	-	573,255
Buildings and improvements	7,516,478	-	-	7,516,478
Machinery and equipment	3,398,564	242,511	-	3,641,075
Infrastructure	46,764,060	445,690	-	47,209,750
	58,252,357	688,201	-	58,940,558
Accumulated depreciation:				
Land improvements	(342,770)	(12,414)	-	(355,184)
Buildings and improvements	(3,833,523)	(149,369)	-	(3,982,892)
Machinery and equipment	(2,305,741)	(124,236)	-	(2,429,977)
Infrastructure	(22,036,700)	(780,609)	-	(22,817,309)
	(28,518,734)	(1,066,628)	-	(29,585,362)
Net capital assets being				
Depreciated	29,733,623	(378,427)	-	29,355,196
Net business-type capital assets	\$ 30,233,849	\$ 2,987,043	\$ (311,048)	\$ 32,909,844

Depreciation was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 80,964
Public safety	326,977
Public works	1,282,859
Recreation and culture	126,856
	\$ 1,817,656
Business-type activities:	
Sewage	\$ 579,555
Water	487,073
	\$ 1,066,628

City of Alpena

Notes to Financial Statements

Note 6--Capital Assets. (continued)

At year end the City has active construction projects in process. The remaining commitments with contractors for these projects as of June 30, 2024 are as follows:

	Contract Amount	Commitment Remaining
Water Production Plant clearwell engineering and design Hubble Roth & Clark	\$ 1,055,000	\$ 654,011
2023 carbon changeout project Calgon Carbon Corporation	345,576	165,664
2023 HMA patching project Goodrich Trucking	116,810	70,592
2023 Water Production Plant intake inspection Michels Construction Inc.	200,000	129,047
2023 Fair Avenue reconstruction project MacArthur Construction	1,190,882	499,597
Water recycling plant Kerr Pump	76,977	43,970
Asphalt patching program C & C Excavating	108,410	97,668
Marina fuel line replacement Oscar W. Larson Company	55,454	41,591
City concrete program contract for 2024 Bedrock Contracting	93,704	41,834
Marina dock installation MacArthur Construction	74,000	74,000
2024 North Second Ave. reconstruction project Team Elmer's	3,282,527	768,111
Water Production Plant clearwell project replacement Commercial Contracting Corp.	9,843,000	9,843,000
2023 fire hydrant replacement project E & M Property Improvements	26,775	26,775
Total	\$ 16,469,115	\$ 12,455,860

City of Alpena

Notes to Financial Statements

Note 7--Long-Term Debt.

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. City contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Balances, July 1, 2023	Additions	(Deductions)	Balances, June 30, 2024	Due Within One Year
Governmental Activities					
Other debt - general obligation bonds:					
2013 Building Authority Bonds:					
Amount of issue - \$1,525,000					
Maturing through 2030					
Interest rate ranges: (1.20% -3.15%)					
Principal maturity range:					
(\$15,000 - \$125,000)					
	\$ 775,000	\$ -	\$ (105,000)	\$ 670,000	\$ 105,000
Total direct borrowings and direct placements and other debt	775,000	-	(105,000)	670,000	105,000
Accumulated compensated absences	238,244	106,060	(92,286)	252,018	36,920
Lease liability	353,660	125,749	(75,806)	403,603	91,258
Total governmental activities	\$ 1,366,904	\$ 231,809	\$ (273,092)	\$ 1,325,621	\$ 233,178

This space intentionally left blank.

City of Alpena

Notes to Financial Statements

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

	Balances, July 1, 2023	Additions	(Deductions)	Balances, June 30, 2024	Due Within One Year
Business-type Activities					
Direct borrowings and direct placements:					
2007 Sewage disposal system, State of Michigan revolving fund: Amount of issue - \$3,215,659 Maturing through 2030 Interest rate range: (1.625%) Principal maturity range: (\$140,000 - \$185,659)					
	\$ 1,245,659	\$ -	\$ (170,000)	\$ 1,075,659	\$ 170,000
2007 Water supply system, State of Michigan revolving fund: Amount of issue - \$3,163,160 Maturing through 2030 Interest rate range: (2.125%) Principal maturity range: (\$150,000 - \$170,000)					
	1,153,160	-	(160,000)	993,160	160,000
Total direct borrowings and direct placements	2,398,819	-	(330,000)	2,068,819	330,000
Other debt - revenue and other obligation bonds:					
2007 Capital improvement bonds: Amount of issue - \$995,000 Maturing through 2028 Interest rate range: (4.73%) Principal maturity range: (\$20,000 - \$100,000)					
	350,000	-	(50,000)	300,000	50,000
Total business-type activities	\$ 2,748,819	\$ -	\$ (380,000)	\$ 2,368,819	\$ 380,000

City of Alpena

Notes to Financial Statements

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

Debt service requirements. Annual debt service requirements to maturity for the above debt obligations are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>				
	<u>Lease liability</u>		<u>Other debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 91,258	\$ 30,462	\$ 105,000	\$ 18,694	\$ 245,414
2026	99,206	22,514	100,000	15,773	237,493
2027	107,848	13,872	100,000	12,923	234,643
2028	92,636	4,812	125,000	9,529	231,977
2029	12,655	377	120,000	5,670	138,702
2030 - thereafter	-	-	120,000	1,890	121,890
	<u>\$ 403,603</u>	<u>\$ 72,037</u>	<u>\$ 670,000</u>	<u>\$ 64,479</u>	<u>\$ 1,210,119</u>

<u>Year Ended June 30,</u>	<u>Business-type Activities</u>				
	<u>Direct borrowings and direct placements</u>		<u>Other debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 330,000	\$ 35,503	\$ 50,000	\$ 13,125	\$ 428,628
2026	335,000	29,300	50,000	10,938	425,238
2027	345,000	22,963	100,000	8,750	476,713
2028	350,000	16,478	100,000	4,375	470,853
2029	355,000	9,899	-	-	364,899
2030 - thereafter	353,819	3,295	-	-	357,114
	<u>\$ 2,068,819</u>	<u>\$ 117,438</u>	<u>\$ 300,000</u>	<u>\$ 37,188</u>	<u>\$ 2,523,445</u>

City of Alpena

Notes to Financial Statements

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

On May 15, 2013, the City of Alpena Building Authority issued \$1,525,000 in Limited Tax General Obligation Refunding Bonds with an average interest rate of 2.67% to advance refund \$1,425,000 of outstanding 2004 Building Authority Bonds with an average interest rate of 4.87%. The net proceeds of \$1,532,964 (after payment of \$60,242 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance-refunded portion of the 2004 Building Authority Bonds. This issue was called and paid in 2014 and no further liability exists for the 2004 bonds. As a result, the 2004 Building Authority Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the City.

The City of Alpena advance refunded the 2004 Building Authority Bonds to reduce its total debt service payments for 2016 through 2030 by \$143,082 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$110,700.

Lessee. The City is the lessee of vehicles. All vehicle leases are five-year terms with no additional renewal terms. The interest rates vary between 7.65% to 8.76%. In addition, the leases do not contain residual value guarantees. The leases do not contain variable payments.

Legal debt margin. The City of Alpena, Michigan is subject to a debt limit per state statute that is ten percent of the total taxable valuation of real and personal property. At June 30, 2024 that amount was \$287,474,936. As of June 30, 2024, the net total outstanding debt applicable to the limit was \$2,634,022 which is 9.16% of the total debt limit.

Note 8--Lessor.

At June 30, 2024, the lease receivable outstanding was \$594,822, and the deferred inflows of resources related to the leases were \$534,505. During the year ended June 30, 2024, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 42,552
Interest income related to leases	27,305

Note 9--Risk Management.

The City of Alpena is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, workers compensation, comprehensive general liability, comprehensive employee benefits, employment practices liability, law enforcement liability, commercial excess liability, commercial auto liability, public official liability, commercial property coverage (equipment, buildings and contents), commercial inland marine, electronic data processing (computers), and equipment breakdown coverage. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

City of Alpena

Notes to Financial Statements

Note 9--Risk Management. (continued)

Michigan municipal corporations in the State of Michigan established and created a trust fund known as the Michigan Municipal Liability and Property Pool in accordance with the provisions of Section 7, 1951 P.A. 35, as amended by 1988 P.A. 36. The pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities with the State. The City of Alpena became a member of the pool in January 1978 for workers compensation insurance and from December 1996 to December 2000 for liability and property coverage and again in 2022 through the present.

Note 10--Governmental Fund Balances.

The detail of the various components of governmental fund balances is as follows:

	General Fund	Major Street Fund	American Rescue Plan Act	Other Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Perpetual care lot	\$ -	\$ -	\$ -	\$ 1,165,427	\$ 1,165,427
Inventories	-	-	-	22,909	22,909
Prepays	120,875	3,744	-	9,204	133,823
	<u>120,875</u>	<u>3,744</u>	<u>-</u>	<u>1,197,540</u>	<u>1,322,159</u>
Restricted for:					
Shoreline erosion	5,000	-	-	-	5,000
Mich-E-Ke-Wis Park pavilion	5,000	-	-	-	5,000
Capital projects	167,189	-	-	-	167,189
Continuing education	7,500	-	-	-	7,500
Building inspection	-	-	-	33,166	33,166
Debt service	-	-	-	1,194	1,194
Perpetual care lot	-	-	-	42,407	42,407
Streets and highway	-	1,862,777	-	972,349	2,835,126
Tree/Park improvement	-	-	-	601	601
	<u>184,689</u>	<u>1,862,777</u>	<u>-</u>	<u>1,049,717</u>	<u>3,097,183</u>
Committed for:					
Budget stabilization	43,547	-	-	-	43,547
Capital outlay	130,831	-	-	-	130,831
Police department	7,919	-	-	-	7,919
Capital projects	-	-	-	486,628	486,628
	<u>182,297</u>	<u>-</u>	<u>-</u>	<u>486,628</u>	<u>668,925</u>
Assigned for:					
American Rescue Plan Act	-	-	67,516	-	67,516
Unassigned	4,424,644	-	-	(49,497)	4,375,147
Total governmental funds	<u>\$ 4,912,505</u>	<u>\$ 1,866,521</u>	<u>\$ 67,516</u>	<u>\$ 2,684,388</u>	<u>\$ 9,530,930</u>

City of Alpena

Notes to Financial Statements

Note 11--Property Taxes.

The City's property tax is levied on each July 1st on the taxable valuation of property located in the City as of December 31st of the preceding year for all taxable real and personal property located in the City. On July 1, the property tax attaches as an enforceable lien on the property and is payable, without penalty, by July 31. On March 1 of the subsequent year unpaid taxes are returned to the County Treasurer as delinquent.

The City's 2023 ad valorem tax is levied and collectible on July 1, 2023. It is the City's policy to recognize revenues from the current tax levy in the current year when the City proceeds of this levy are budgeted and made available for the financing of City operations.

The 2023 taxable valuation of the City of Alpena amounted to \$256,579,786 on real property and \$28,676,500 on personal property for a total of \$285,256,286 on which ad valorem taxes of 15.9779 mills were levied for City operating purposes.

The 2023 tax levy raised \$4,410,787 for City General Operations. This amount is recognized in the General Fund financial statements as property taxes.

In addition, specific taxes are levied under the Industrial Facilities Tax Act, Tax Increment Financing Authority, Brownfield Redevelopment Authority, and the Downtown Development Authority. City residents are also assessed 9.5187 mills for County operations, .9957 mills for Dial-A-Ride transportation, 2.4806 mills for the community college, 2.1726 mills for the Educational Service District, 6.000 mills for the State Education Tax, 1.8000 mills for school debt, and non-homesteaded properties are assessed an additional 17.7769 mills for public schools.

Note 12--Property Tax Abatements.

The City of Alpena provides tax abatements under several different programs:

Industrial property tax abatements are granted in the State of Michigan under Public Act 198 to promote economic development, creation of jobs, and new or improved facilities. The Industrial Facilities Tax (IFT) Exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for up to 12 years. A certificate may be revoked, and taxes recaptured for noncompliance with the terms of the agreement. Property taxes abated by the City under this program for fiscal year 2024 amounted to \$3,376.

The State of Michigan allows for Commercial Rehabilitation Exemption under Public Act 210 if making substantial improvements to a business or multi-family residential facility. The City had Commercial Rehabilitation Exemptions for fiscal year 2024 of \$30,859.

The Brownfield Redevelopment Authority encourages environmental cleanup and economic development through its Brownfield Redevelopment Plan under Public Act 318. A developer performs redevelopment and cleanup activities at a site that is obsolete or blighted. The increased tax revenues resulting from the increase in taxable value are captured by the City and used to repay the developer for qualifying expenses. There is no provision for recovery of abated taxes because the developer is only paid for eligible expenses on a reimbursement-basis. Property taxes abated by the City under this program for fiscal year 2024 amounted to \$6,764.

City of Alpena

Notes to Financial Statements

Note 12--Property Tax Abatements. (continued)

PA 147 (Neighborhood Enterprise Zone Act) provides property tax exemptions for properties that provide for the development and rehabilitation for residential housing and meet the requirements of the Act. Properties must be in a designated neighborhood enterprise zone. Exemptions may range from 6 to 17 years dependent on the type of property. The City abated \$8,501 related to PA 147 during fiscal year 2024.

Note 13--Perpetual Lot Care Fund.

The Perpetual Lot Care Fund (PLCF) is a permanent trust fund authorized by MCL 128 and the City of Alpena code of ordinances.

The PLCF is used to hold and manage funds for the purpose of maintenance and upkeep of cemetery property, inclusive of maintenance of grounds and capital assets, monuments, and infrastructure. To this end, the PLCF provides support to the City's General Fund Cemetery Department, which manages the day-to-day operations and maintenance of the City's cemetery system.

Income for the PLCF is derived primarily from investments, charges for services, as well as from 25% of the fee for sale of each cemetery lot.

Note 14--Defined Contribution Retirement Plan.

Effective July 1, 2009, the City will provide pension benefits to Administration and DPW employees through defined contribution (DC) plans administered by the City of Alpena through a third-party plan administrator. Administration and DPW employees hired on or after July 1, 2009 will no longer be eligible to participate in the City's defined benefit pension plan. Clerical employees hired on or after July 1, 2010 will no longer be eligible to participate in the City's defined benefit pension plan.

Administration. Each pay period, the City will contribute 6% of regular, non-overtime wages for hours actually worked, plus holiday, sick leave and vacation pay. Affected employees shall participate in a defined contribution plan with a mandatory 2% employee contribution.

DPW. Each pay period, the City will contribute 7% of regular, non-overtime wages for hours actually worked, plus holiday, sick, and vacation pay. In order to receive the City contribution, the participating employee must contribute 2%. The 2% employee contribution shall be mandatory for the affected employees and cannot exceed 2% unless agreed upon by all employees affected.

Clerical. Each pay period, the City will contribute 4% of regular, non-overtime wages for hours actually worked, plus holiday, sick leave, and vacation pay. In order to receive the City contribution, the participating employee must contribute 2%. The 2% employee contribution shall be mandatory for the affected employees and cannot exceed 2% unless agreed upon by all employees affected.

All contributions are remitted to a third-party plan administrator. The DC plans maintain a schedule of vesting, with the participants becoming fully vested upon making the contribution. The requirements of plan members are established and may be amended by the City Council in accordance with city policies and union contracts. There were 35 employees participating in DC plans as of June 30, 2024. The City's contributions to the plans for calendar year 2024 wages were calculated based on covered payroll of \$1,424,570 resulting in an employer contribution of \$86,515 and employee contributions of \$28,454.

City of Alpena

Notes to Financial Statements

Note 14--Defined Contribution Retirement Plan. (continued)

Downtown Development Authority. In addition, the Downtown Development Authority, a discretely presented component unit, has one employee who participates in this plan. The 2024 covered payroll is \$62,692, resulting in employer contributions of \$3,762 and employee contributions of \$1,254.

Note 15--Defined Benefit Pension Plan.

Plan Description. The City reporting entity participates in and administers one single-employer defined benefit pension plan - City of Alpena Employees' Retirement System (the "Plan"). The Plan provides retirement, disability and death benefits to plan members and their beneficiaries and was established in 1945 by City Council Ordinance. Assets are held separately and may be used only for the payment of benefits to the members of the City's retirement plan. Actuarial valuations are performed annually.

Management of the retirement system is vested in the City of Alpena Retirement Board, which consists of seven trustees-two members of the City municipal council, the city manager, a police officer, a firefighter, a general member, and a city retiree appointed by the municipal council.

The Plan's activity is accounted for in an irrevocable trust and the activity is reported in the fiduciary fund financial statements. The plan is reported within Pension (and Other Employee Benefit) Trust Funds in the accompanying financial statements on the accrual basis of accounting. The Plan is a single-employer defined benefit plan administered by the City of Alpena. The Plan does not issue a separate stand-alone financial statement. For the pension plan financial statements refer to Note 17.

Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market value are reported at estimated fair value.

Plan Membership. At June 30, 2024, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	107
Inactive plan members	6
Active plan members	<u>44</u>
	<u><u>157</u></u>

Effective July 1, 2009 the City provides pension benefits to non-union and DPW employees through a defined contribution plan administered by the City of Alpena. Non-union and DPW employees hired on or after July 1, 2009 will no longer be eligible to participate in the City's defined benefit pension plan. Clerical employees hired on or after July 1, 2010 will no longer be eligible to participate in the City's defined benefit pension plan.

Benefits Provided. The Pension Plan provides retirement, disability and death benefits to eligible plan members. Retirement benefits are calculated by multiplying the plan member's Final Average Compensation (FAC) times the member's years of services times the multiplier applicable to the member's employee group. The benefits per employee group are as follows:

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

General

Eligibility:

Non-Union and City Manager - Age 60 with 5 years of service, or age 55 with 15 years of service; and non-union hired after July 1, 2009 are not eligible for membership in this retirement system.

Police Chief and Deputy Chief/Fire Marshal- Same as non-union but mandatory retirement at age 70.

DPW Union - Age 60 with 10 years of service and effective July 1, 1999, or age 55 with 15 years of service; and DPW Union hired after July 1, 2009 are not eligible for membership in this retirement system.

Clerical Union - Age 60 with 10 years of service; and Clerical Union hired after July 1, 2010, are not eligible for membership in this retirement system.

Annual Amount:

Non-Union (including City Manager) - 2.25% of final average compensation times total service through July 1, 2003 plus 2.5% times total service after July 1, 2003.

DPW Union - Total service times the sum of a) 1.3% of the first \$4,800 of final average compensation plus b) 2.0% of final average compensation in excess of \$4,800.

Clerical Union - Total service times the sum of a) 1.3% of the first \$4,800 of final average compensation plus b) 1.8% of final average compensation in excess of \$4,800.

Police Chief – 3.0% of final average compensation times total service through December 26, 2022 plus 2.5% times total service after December 26, 2022.

Deputy Chief/Fire Marshal – 3.0% of final average compensation times total service through September 23, 2019 plus 2.5% times total service after September 23, 2019.

Type of Final Average Compensation:

Non-Union (including Police Chief, Deputy Fire Chief/ Fire Marshal and City Manager) - Highest 24 months out of last 10 years, need not be consecutive, but must be in units of 12 consecutive months each.

Clerical Union - Highest 36 months out of last 5 years.

DPW Union - Highest 3 out of last 5 years, in 12-month increments, need not be consecutive years.

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

Fire

Eligibility: Age 55 with 10 years of service. Mandatory retirement at age 60.

Annual Amount: Hired before July 1, 2011, 2.5% of final average compensation times service to July 1, 2001 plus 3.0% of final average compensation times service after July 1, 2001. Hired on or after July 1, 2011, 2.25% of final average compensation times total service.

Type of Final Average Compensation: Highest 36 months out of last 5 years, need not be consecutive, but must be in units of 12 consecutive months each.

Police

Eligibility: Age 55 with 10 years of service, or 25 years of service regardless of age. Mandatory retirement at age 60.

Annual Amount: Hired before July 1, 2011, 2.4% (2.5% for Command) of final average compensation times total service through July 1, 2002 plus 3.0% of final average compensation times service after July 1, 2002. Hired on or after July 1, 2011, 2.25% of final average compensation times total service. Maximum benefit is 85% of final average compensation for all police members.

Type of Final Average Compensation: Highest 36 months out of last 5 years, need not be consecutive, but must be in units of 12 consecutive months each.

Deferred Retirement (vested benefit)

Eligibility: 10 years of service, or 5 years of service for General Non-Union and Police Chief.

General Union, Police and Fire - Benefit begins at age 62.

General Non-Union and Police Chief - Benefit begins at age 60 or age 55 with 15 years of service for General Non-Union; Surviving spouse entitled to an Option II benefit beginning when the deceased vested member would have attained age 60.

Annual Amount: Computed as regular retirement but based upon service and final average compensation at time of termination.

Duty Disability Retirement

Eligibility: No age or service requirement.

Annual Amount: Computed as regular retirement. Minimum benefit is the greater of \$50 per month or 10% of final average compensation. Upon termination of worker's compensation, or attainment of age 65, whichever occurs first, additional service credit is granted for period in receipt of worker's compensation and benefit is recomputed.

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

Non-Duty Disability Retirement

Eligibility: 10 years of service.

Annual Amount: Computed as regular retirement. Minimum benefit is the greater of \$50 per month or 10% of final average compensation.

Duty Death Before Retirement

Eligibility: No age or service requirement.

Annual Amount: A benefit of 33-1/3% of final compensation is paid to the widow. Unmarried children under the age of 18 receive an equal share of 25% of final compensation. Maximum benefit of all benefits paid must not exceed \$250 per month. Worker's compensation payments are offset.

Non-Duty Death Before Retirement

Eligibility: 10 years of service.

Annual Amount: Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

Member Contribution Withdrawal Option

Police, Fire and General members may elect to withdraw their accumulated contributions in a lump sum at retirement. The regular retirement benefit will be reduced by the actuarial equivalent of the amount withdrawn based on the PBGC replacement method for determining the interest rate in effect at time of retirement.

Normal Form of Payment

The form of payment available to new retirees from City employment without any cost to the retiree is as follows:

Firefighters: If married at the time of retirement: 60% joint and survivor annuity. If single at the time of retirement: straight life annuity.

All Others: Straight life annuity.

Post-Retirement Cost-of-Living Adjustments (COLA)

COLA payments may be made annually to eligible retirees by allocating an amount of money (adjusted for inflation) among all retirees using a formula based on years of City service and years retired as well as other variables. Annual COLA payments are not guaranteed.

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

Contributions. The State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the Pension Board in accordance with the City ordinance, union contracts and plan provisions. The City's average contribution rate was 35.89% of annual payroll and the actuarially determined contribution was \$1,215,421. System administrative costs are financed through investment earnings.

For the year ended June 30, 2024, the member contribution rates were as follows:

General - Union - 3.0% of the first \$4,800 of annual compensation plus 5.0% of annual compensation in excess of \$4,800. **Non-Union (including Police Chief, Deputy Fire Chief and City Manager)** - 5.0% of annual compensation.

Police Patrol and Command Officers - Contribute 6.5% of annual compensation.

Fire - Contribute 6.5% of annual compensation.

Investment Policy. The City of Alpena Employees' Retirement System authorized the system's investment consultant to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes in accordance with Michigan Public Act 314 of 1965, as amended. The Plan's target asset allocations are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity		
Large Cap	36.00%	8.30%
Mid Cap	8.00%	9.00%
Small Cap	4.00%	9.40%
International Equity		
Developed	12.00%	8.80%
Emergin Markets	4.00%	9.80%
Fixed income		
Domestic Fixed Incon	26.00%	4.50%
Cash	1.00%	3.00%
Hedge Funds	5.00%	5.60%
Private Debt	2.00%	7.70%
Private Equity	2.00%	10.65%
	100%	

* The expected rates of return based on a 2.25% price inflation assumption.

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

Rate of Return. For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.17% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reserves. In accordance with state law, the balance in the plan's legally required reserves to be set aside within the pension plan at June 30, 2024, 2023, 2022, and 2021, respectively were \$29,250,209, \$27,496,512, \$26,970,818, and \$32,803,665.

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investments (other than U.S. government obligations) whose fair value exceeds five percent or more of net position available for benefits. There are no long-term contracts for contributions. The City has no financial derivative instruments or products as a part of their pension investment portfolio.

The individual balances of the reserve accounts at June 30 were as follows:

Reserves For	Fiscal Year Ended June 30,			
	2024	2023	2022	2021
Employees' contributions (Annuity Savings Fund)	\$ 3,453,547	\$ 3,065,806	\$ 3,045,456	\$ 3,888,420
Employer contributions (Pension Reserve Fund)	-	6,130,422	4,742,682	4,650,339
Retired benefit payments (Retirement Reserve Fund)	25,085,289	17,588,911	18,471,307	23,554,226
Undistributed investment income (Income Fund)	711,373	711,373	711,373	710,680
	<u>\$29,250,209</u>	<u>\$27,496,512</u>	<u>\$26,970,818</u>	<u>\$32,803,665</u>

Net Pension Liability of the City. Effective July 1, 2014, the City adopted GASB Statement No. 68 which requires the measurement of pension expense as it is earned, rather than as it is funded. The City has chosen to use June 30, 2024 as its measurement date for the net pension liability. The June 30, 2024 total pension liability was determined by an actuarial valuation performed as of June 30, 2023. The components of the net pension liability of the City at June 30, 2024 were as follows:

Total pension liability	\$40,370,148
Plan fiduciary net position	<u>29,250,209</u>
Net pension liability	<u>\$ 11,119,939</u>
Plan fiduciary net position as a percentage of the total pension liability	72.46%
Covered payroll	\$ 3,386,454
Net pension liability as a percentage of covered payroll	328.37%

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

Changes in the net pension liability during the measurement year were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 39,730,965	\$ 27,496,512	\$ 12,234,453
Changes for the year:			
Service cost	527,651	-	527,651
Interest on the total pension liability	2,699,096	-	2,699,096
Changes in benefit terms	-	-	-
Differences between expected and actual experience	284,991	-	284,991
Contributions - employer	-	1,215,421	(1,215,421)
Contributions - employees	-	222,787	(222,787)
Net investment income	-	3,228,527	(3,228,527)
Benefit payments, including refunds	(2,872,555)	(2,872,555)	-
Pension plan administrative expense	-	(40,483)	40,483
Net changes	639,183	1,753,697	(1,114,514)
Balances at June 30, 2024	\$ 40,370,148	\$ 29,250,209	\$ 11,119,939

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 and a measurement date of June 30, 2024 using the entry age cost method. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on open groups and level dollar for closed groups. The remaining amortization period for the general and police groups is 19 years and 17 years for the fire group for unfunded accrued liabilities.

Inflation	3.50%
Salary increases, (average, including inflation)	3.50% - 7.34%
Investment rate of return (net of pension plan investment expense, including inflation)	7.00%

Mortality rates were based on the following:

General: Pub-2010 General Mortality Tables, amount-weighted, with mortality improvements projected to 2030 using scale MP-2020.

Police and Fire: Pub-2010 Safety Mortality Tables, headcount-weighted, with mortality improvements projected to 2030 using scale MP-2020.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended June 30, 2024, the City recognized pension expense of \$2,116,125. At June 30, 2024, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 994,404	\$ -	\$ 994,404
Changes in assumptions	47,914	-	47,914
Net difference between projected and actual earnings on pension plan investments	-	118,095	(118,095)
 Total	 \$ 1,042,318	 \$ 118,095	 \$ 924,223

Amount reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflows of Resources
2025	\$ 414,348
2026	1,137,229
2027	(356,276)
2028	(271,078)
	\$ 924,223

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate was based on the assumption that in the future, 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 pension plan's fiduciary net position was 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected Cash Flows. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Alpena

Notes to Financial Statements

Note 15--Defined Benefit Pension Plan. (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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 Plan's target asset allocation as of June 30, 2024 is 3.97% for municipal bonds, 0% for cash, and 7.00% for the aggregate remaining investment categories.

* The 7% long-term expected real rate of return is a composite percentage for the overall long-term expected real rate of return and not the expected rate of return per investment category. This amount was calculated by the City of Alpena's actuary.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	<u> </u>	<u> </u>	<u> </u>
Total pension liability	\$ 44,917,415	\$ 40,370,148	\$ 36,844,691
Plan fiduciary net position	<u>29,250,209</u>	<u>29,250,209</u>	<u>29,250,209</u>
Net pension liability / (asset)	<u>\$ 15,667,206</u>	<u>\$ 11,119,939</u>	<u>\$ 7,594,482</u>

Note 16--Other Post Employment Benefit Disclosures.

Plan Description. The City of Alpena through the City of Alpena Retiree Health Care Plan (the "Plan") provides other postemployment benefits (OPEB) to retirees of the City who are eligible to receive a retirement benefit from the City of Alpena Employees Retirement System. The Retiree Health Care Fund was created under the authority of the State of Michigan Public Employee Health Care Fund Investment Act, Public Act 149 of 1999. The plan is a single employer defined benefit health care plan administered by the City of Alpena. Administrative costs are paid by the plan through employer contributions. The plan was adopted and established by action of the City Council, effective July 1, 2002. Actuarial valuations are performed biennially; the latest was an actuarial valuation as of June 30, 2022.

Management of the Retirement System is vested in the City of Alpena Retirement and Health Care Plan Board, which consists of seven trustees-two members of the City Municipal Council, the City Manager, a police officer, a firefighter, a general member, and a city retiree appointed by the municipal council.

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

The Plan's activity is accounted for in an irrevocable trust and the activity is reported in the fiduciary fund financial statements. The plan is reported within Pension (and Other Employee Benefit) Trust Funds in the accompanying financial statements on the accrual basis of accounting. The Plan is a single-employer defined benefit plan administered by the City of Alpena. The Plan does not issue a separate stand-alone financial statement. For the other postemployment benefit plan financial statements refer to Note 17.

Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

Plan Membership. At June 30, 2024, plan membership consisted of the following:

Retired members and beneficiaries currently receiving benefits	34
Active plan members	<u>53</u>
	<u><u>87</u></u>

Eligibility requirements vary between bargaining groups. Health insurance coverage is provided by the City outside of the Retirement System on the following basis:

- Retired members (individuals who retire directly from City employment) of the Retirement System except for members of the Housing Division receive benefits.
- As of July 1, 2011, spouses of retired members do not have access to the retiree health plan.
- Eligibility requirements for health benefits are the same as those for retirement except that deferred vested members do not receive coverage.
- Some members of the City's Defined Contribution pension plan are not eligible for City paid retiree health benefits based on hire date and employment agreements.
- Administrative employees hired after July 1, 2009 are not eligible to participate in this plan.

This space intentionally left blank.

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

The City provides retiree health care premiums to eligible members of the program who meet the following conditions:

<u>Employment Division</u>	<u>Retiree Health Benefit Eligibility</u>
General Non-Union	Age 60 with 5 years of service, or age 55 with 15 years of service
DPW	Age 60 with 10 years of service, or age 55 with 15 years of service (Effective July 1, 1999)
Clerical	Age 60 with 10 years of service
Fire	Age 55 with 10 years of service
Police	Age 55 with 10 years of service, or 25 years of service regardless of age
Police Chief, Fire Chief, and Deputy Fire Chief	Age 55 with 15 years of service or age 60 with 5 years of service

Funding Policy. The City has no obligation to make contributions in advance of when insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the City has made contributions to advance-fund a portion of these benefits, as determined by the City Council through annual budget resolutions.

Contributions. A July 2002, City Council Resolution grants the authority to establish and amend the contribution requirements of the City and plan members to the City of Alpena Retirement and Health Care Plan Board. The Investment Committee establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2024, the City’s contribution was \$276,157, with an actuarially determined contribution of \$197,255.

Investment Policy. The Plan has no specific investment policy in regard to the allocation of invested assets and may be amended by the City Council by a majority vote of its members. The committee has currently invested the funds of the plan in a short-term money market account and brokerage certificates.

Rate of Return. For the year ended June 30, 2024, the annual money weighted rate of return on plan investments, net of investment expense, was 13.70 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The City’s total OPEB liability shown in this report is based on an actuarial valuation performed as of June 30, 2022 and a measurement date of June 30, 2024.

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

The components of the net OPEB liability at June 30, 2024 were as follows:

Total OPEB liability	\$	3,575,144
Plan fiduciary net position		2,630,768
City's net OPEB liability	\$	944,376
Plan fiduciary net position as a percentage of the total OPEB liability		73.58%
Covered employee payroll	\$	3,568,365
Net OPEB liability as a percentage of covered-employee payroll		26.47%

Changes in the net OPEB liability during the measurement year were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 3,515,974	\$ 2,211,562	\$ 1,304,412
Changes for the year:			
Service cost	71,359	-	71,359
Interest on the total OPEB liability	208,112	-	208,112
Difference between expected and actual experience of the total OPEB liability	(54,057)	-	(54,057)
Changes of assumptions	-	-	-
Contributions - employer	-	276,157	(276,157)
Net investment income	-	327,093	(327,093)
Administrative expense	-	(17,800)	17,800
Benefit payments, including refunds of employee contributions	(166,244)	(166,244)	-
Net changes	59,170	419,206	(360,036)
Balance at June 30, 2024	\$ 3,575,144	\$ 2,630,768	\$ 944,376

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June, 30, 2024. The valuation used the following actuarial assumptions, applied to all periods includes in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases, (average, including inflation)	3.5% - 7.3%
Investment rate of return (net of pension plan investment and administrative expenses)	6.00%
Health care trend rates	Pre-65: 3.50% - 7.50% Post-65: 3.50% - 6.25%

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2024, the City recognized OPEB expense of \$(260,824). At June 30, 2024, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 872,683	\$ (872,683)
Assumption changes	245,234	461,251	(216,017)
Net difference between projected and actual earnings on OPEB plan investments	-	102,573	(102,573)
	\$ 245,234	\$ 1,436,507	\$ (1,191,273)

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

Amount reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2025	\$ (437,106)
2026	(366,249)
2027	(295,326)
2028	(78,769)
2029	(5,330)
Thereafter	(8,493)
	\$ (1,191,273)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability, calculated using the discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (5.00%) or 1-percentage-point-higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
City's net OPEB liability	\$ 1,273,149	\$ 944,376	\$ 656,896

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 7.50%, decreasing to 3.50%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point-lower (6.50%, decreasing to 2.50%) or 1-percentage-point-higher (8.50%, decreasing to 4.50%) than the current rate:

	1% Decrease (6.50% decreasing to 2.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 3.50%)	1% Increase (8.50% decreasing to 4.50%)
City's net OPEB liability	\$ 581,857	\$ 944,376	\$ 1,367,054

Discount Rate. The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates.

Projected Cash Flows. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Alpena

Notes to Financial Statements

Note 16--Other Post Employment Benefit Disclosures. (continued)

Benefits Provided. In addition to the healthcare benefits described above, the City of Alpena provides postretirement life insurance benefits, in accordance with council resolution for non-union employees and negotiated labor agreements for union employees.

The City provides a paid life insurance policy of \$2,000 for administrative employees who retire from the City and who were hired before July 1, 2021. The City paid life insurance will not be afforded to employees who are hired after July 1, 2021.

The City provides a paid life insurance policy of \$2,000 for police retirees.

Employees of the Clerical union are not afforded life insurance at retirement.

The City provides a paid life insurance policy of \$2,000 for DPW employees who retire from the City and who were hired on or after July 1, 2015. The City paid life insurance will not be afforded to DPW employees who are hired after July 1, 2020.

The City provides a paid life insurance policy of \$2,000 for fire department employees who retire from the City and who were hired before July 1, 2007. The City paid life insurance will not be afforded to Fire Department employees who are hired on or after July 1, 2007.

For fiscal year 2023-2024, the City's share of expenditures was \$658 for retiree life insurance. Expenditures for postretirement benefits are recognized when incurred by the City.

This space intentionally left blank.

City of Alpena

Notes to Financial Statements

Note 17--Trust Fund Combining Statements.

Financial statements for the individual pension and other postemployment benefit plans are as follows:

Combining Statement of Plan Net Position

	Pension (and Other Employee Benefit)		
	Trust Funds		
	Pension Trust Fund	Employee Health Care Fund	Totals
Assets			
Investments, at fair value:			
Short-term investment funds	\$ 341,323	\$ 43,242	\$ 384,565
Fixed income	7,658,617	689,956	8,348,573
Equity securities	18,594,707	1,716,132	20,310,839
Alternative investments	2,625,793	178,319	2,804,112
Interest receivable	54,710	5,091	59,801
Total assets	29,275,150	2,632,740	31,907,890
Liabilities			
Accounts payable	24,941	1,972	26,913
	24,941	1,972	26,913
Net Position			
Net position restricted for pension/OPEB	\$ 29,250,209	\$ 2,630,768	\$ 31,880,977

This space intentionally blank.

City of Alpena

Notes to Financial Statements

Note 17--Trust Fund Combining Statements. (continued)

Combining Statement of Changes in Plan Net Position

	Pension (and other employee benefit)		Totals
	Trust Funds		
	Pension Trust Fund	Employee Health Care Fund	
Additions			
Contributions:			
Employer	\$ 1,215,421	\$ 276,157	\$ 1,491,578
Employees	222,787	-	222,787
Total contributions	<u>1,438,208</u>	<u>276,157</u>	<u>1,714,365</u>
Investment income:			
Net increase (decrease) in fair value of investments	1,687,862	268,376	1,956,238
Gain (loss) on securities sold	971,761	-	971,761
Interest and dividends	699,513	66,369	765,882
	<u>3,359,136</u>	<u>334,745</u>	<u>3,693,881</u>
Less investment expense	130,609	7,652	138,261
Net investment income	<u>3,228,527</u>	<u>327,093</u>	<u>3,555,620</u>
Total additions	<u>4,666,735</u>	<u>603,250</u>	<u>5,269,985</u>
Deductions			
Benefits	2,759,500	166,244	2,925,744
Lump-sum retirement payments	113,055	-	113,055
Administrative expense	40,483	17,800	58,283
Total deductions	<u>2,913,038</u>	<u>184,044</u>	<u>3,097,082</u>
Change in Net Position	1,753,697	419,206	2,172,903
Net Position, beginning of year	<u>27,496,512</u>	<u>2,211,562</u>	<u>29,708,074</u>
Net Position, end of year	<u>\$ 29,250,209</u>	<u>\$ 2,630,768</u>	<u>\$ 31,880,977</u>

City of Alpena

Notes to Financial Statements

Note 18--Deferred Compensation Plan.

The City of Alpena offers a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. All general non-union, clerical and public works employees are eligible to enroll in the deferred compensation plan. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the City of Alpena's financial statements.

Note 19--Contingencies And Claims.

Sewage and Water Litigation. The City of Alpena has been involved in litigation with the Charter Township of Alpena regarding protested sewage and water rates charged by the City to the Township from June 2014 through the date of issuance of these financial statements.

A bench trial commenced February 27, 2018. Settlement negotiations occurred, and a settlement was tentatively reached. On September 19, 2018, the Court issued its final order. The Court awarded the City of Alpena \$1,374,294 of the charges from June 2014 through October 1, 2018 based upon a formula. In addition, the Court awarded the City judgment interest of \$164,143. Since this judgment, the City and the Township have both appealed the settlement.

On March 17, 2020, the Michigan Court of Appeals ruled that the parties had not reached a settlement, even on the rates through 2018 that the Circuit Court had previously issued, and the Court of Appeals sent the case back to the Circuit Court to continue the trial. Subsequent to the ruling, the Township requested reconsideration, which was denied on July 9, 2020. The Township has appealed the case to the Michigan Supreme Court who denied the request to hear the case. The case was sent back to the Circuit Court in Alpena where it remains through the date of the issued report.

On May 3, 2021, the Circuit Court Judge granted the parties until December 6, 2022 to reach a settlement. The parties were engaged in a series of facilitation sessions with a third-party mediator and hired a joint public utility rate consultant to assist in the settlement discussions. The settlement negotiations were not successful, and the case has been returned to trial in the Circuit Court. The trial was scheduled for April 2024.

In April 2024, a trial commenced. The Circuit Court issued a ruling that the City did not meet its burden and there would be no damages awarded to the City against the Township. The Circuit Court retained jurisdiction, and another trial was held in September 2024 regarding the equitable amounts the Township should pay the City for the cost of water and sewer services for the time period of 2014-2017. This trial concluded September 14, 2024. In October 2024, the Court declared the Township as a wholesale customer and requested new rates to be determined by the City.

In November 2024, the Circuit Court ordered the City and the Township to mediation with Montmorency County Probate Judge prior to returning to court December 19, 2024. During mediation, a settlement was reached for the time period of 2014-2017. The City received a settlement of \$525,000 and was awarded 15% of the interest earned on the escrow account, which is estimated to be approximately \$25,832 through June 30, 2024 (approximately \$29,250 through the date of the settlement agreement). The City recognized a settlement adjustment in the Sewage and Water Funds of \$82,368 and \$322,137, respectively, during the year ending June 30, 2024.

City of Alpena

Notes to Financial Statements

Note 19--Contingencies And Claims. (continued)

The settlement agreement also dictated the Township is to retain \$500,000 in the escrow account to negotiate a settlement for 2018. At the time a settlement is reached for 2018, the City will receive \$50,000 from the escrow account in addition to the amount the parties settle on.

For fiscal years 2018 through 2024, the City of Alpena has consistently estimated the receivable and revenue with the Township based on the formula from the September 2018 trial judgement.

Other Litigation. During the ordinary course of its operation, the City is a party to various claims, legal actions and complaints. The majority of these matters are covered by the City's Risk Management Program. Those which are not covered involve construction contract claims.

In the opinion of the City's management and legal counsel, that while possible, it is not probable that the City will receive unfavorable rulings in the other lawsuits. These matters are not anticipated to have a material financial impact on the City.

Other Contingencies. The City of Alpena, like many municipalities, previously owned and operated a solid waste landfill. Should the Michigan Department of Natural Resources (MDNR) determine that environmental contamination exists, the City, as well as other parties, could be required to share in any associated clean-up costs. However, at this point in time, the City is not incurring nor expects to incur in the future any additional costs associated with this landfill.

This space intentionally blank.

City of Alpena

Notes to Financial Statements

Note 20--Component Unit Disclosures.

Capital Assets. The following table summarizes the changes in the Downtown Development Authority capital assets:

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 93,756	\$ -	\$ -	\$ 93,756
	93,756	-	-	93,756
Capital assets being depreciated:				
Land improvements	182,751	29,590	-	212,341
Buildings and improvements	88,030	-	-	88,030
Machinery and equipment	4,880	-	-	4,880
	275,661	29,590	-	305,251
Accumulated depreciation:				
Land improvements	(122,722)	(9,501)	-	(132,223)
Buildings and improvements	(13,204)	(1,761)	-	(14,965)
Machinery and equipment	(4,880)	-	-	(4,880)
	(140,806)	(11,262)	-	(152,068)
Net capital assets being depreciated	134,855	18,328	-	153,183
Net component unit capital assets	\$ 228,611	\$ 18,328	\$ -	\$ 246,939

Depreciation was charged to programs of the component units as follows:

Downtown Development Authority	\$ 11,262
--------------------------------	-----------

The Brownfield Redevelopment Authority and Economic Development Corporation had no capital assets.

City of Alpena

Notes to Financial Statements

Note 20--Component Unit Disclosures. (continued)

Long-term Debt. Contractual obligation of the Downtown Development Authority can be summarized as follows:

	Balances, July 1, 2023	Additions	(Deductions)	Balances, June 30, 2024	Due Within One Year
Direct borrowings and direct placements:					
2016 Commercial real estate loan, Amount of issue - \$42,796 Maturing through 2026 Interest rate ranges: (4.25%) Principal maturity range: (\$863 - \$31,711)	\$ 35,508	\$ -	\$ (3,797)	\$ 31,711	\$ 3,968
	\$ 35,508	\$ -	\$ (3,797)	\$ 31,711	\$ 3,968

Debt service requirements. Annual debt service requirements to maturity for the above debt obligations are as follows:

Year Ended June 30,	Direct borrowings and direct placements	
	Principal	Interest
2025	\$ 3,968	\$ 959
2026	27,743	1,042
	\$ 31,711	\$ 2,001

The Brownfield Redevelopment Authority and the Economic Development Corporation had no long-term debt.

Note 21--Subsequent Events.

Management has evaluated subsequent events through December 27, 2024, the date on which the financial statements were available to be issued.

City of Alpena

Notes to Financial Statements

Note 22--Upcoming Reporting Changes.

GASB issued Statement No. 101, *Compensated Absences* – This statement updates the recognition and measurement guidance of the existing standard under a unified model. Previously required financial statement note disclosure requirements have been amended within this statement. The provisions of this statement are effective for the City’s financial statements for the fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures* – This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. In addition, the statement requires a government to assess whether the event(s) associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If it is determined the criteria are met, the government is required to disclose (1) the concentration or constraint, (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The provisions of this statement are effective for reporting periods beginning after December 15, 2023, the City’s June 30, 2025 fiscal year.

City of Alpena

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 4,674,364	\$ 4,812,468	\$ 4,813,363	\$ 895
Licenses and permits	32,950	36,050	40,637	4,587
State revenue	2,099,025	2,776,195	2,343,615	(432,580)
Federal revenue	1,173	799	6,899	6,100
Local revenue	1,083,800	1,210,750	1,131,040	(79,710)
Charges for services	2,349,723	2,384,982	2,549,540	164,558
Investment income and rents	301,671	313,725	491,961	178,236
Fines and forfeitures	67,000	75,750	22,840	(52,910)
Other	283,230	426,345	316,327	(110,018)
Total revenues	10,892,936	12,037,064	11,716,222	(320,842)
Expenditures				
General government:				
City Council	58,856	57,359	57,489	(130)
City Manager	146,032	150,568	151,403	(835)
Accounting Department	159,393	154,768	153,846	922
Budget Department	39,822	39,858	39,798	60
Clerk	149,027	149,870	145,102	4,768
External Audit	21,400	22,289	19,598	2,691
Board of Review	1,602	1,351	1,086	265
Treasurer	149,554	155,141	155,511	(370)
Assessor	112,805	121,842	121,740	102
Grants Manager	50,000	50,000	50,000	-
Elections	30,521	31,048	33,101	(2,053)
Building and Grounds	368,614	363,885	88,277	275,608
City Attorney	84,844	90,255	90,089	166
Human Resources	106,584	104,112	101,242	2,870
Retirement	1,175,461	1,173,224	1,172,304	920
Information technology	385,049	387,115	355,647	31,468
Other	10,300	9,036	9,044	(8)
	3,049,864	3,061,721	2,745,277	316,444
Public safety:				
Police	2,225,317	2,135,394	1,990,022	145,372
Fire	3,712,531	3,669,766	3,607,958	61,808
	5,937,848	5,805,160	5,597,980	207,180

City of Alpena

Required Supplementary Information
Budgetary Comparison Schedule - General Fund (continued)

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public works:				
Public works	\$ 1,167,440	\$ 1,181,894	\$ 891,839	\$ 290,055
Cemetery	189,300	206,722	225,779	(19,057)
Highways, streets and lights	193,603	233,128	176,954	56,174
	<u>1,550,343</u>	<u>1,621,744</u>	<u>1,294,572</u>	<u>327,172</u>
Health and welfare	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
Community and economic development	<u>273,212</u>	<u>327,834</u>	<u>316,245</u>	<u>11,589</u>
Recreation and culture:				
Parks and recreation	<u>1,602,902</u>	<u>2,019,262</u>	<u>645,900</u>	<u>1,373,362</u>
Debt service:				
Principal	-	-	32,144	(32,144)
Interest	-	-	13,304	(13,304)
	<u>-</u>	<u>-</u>	<u>45,448</u>	<u>(45,448)</u>
Total expenditures	<u>12,436,669</u>	<u>12,858,221</u>	<u>10,667,922</u>	<u>2,190,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,543,733)</u>	<u>(821,157)</u>	<u>1,048,300</u>	<u>1,869,457</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	82,748	92,784	10,036
Transfers in	890,000	890,000	65,347	(824,653)
Transfers out	<u>(273,088)</u>	<u>(1,241,625)</u>	<u>(1,229,431)</u>	<u>12,194</u>
Total other financing sources (uses)	<u>616,912</u>	<u>(268,877)</u>	<u>(1,071,300)</u>	<u>(802,423)</u>
Net Change in Fund Balances	<u>(926,821)</u>	<u>(1,090,034)</u>	<u>(23,000)</u>	<u>1,067,034</u>
Fund Balances, beginning of year	<u>3,977,105</u>	<u>4,935,505</u>	<u>4,935,505</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 3,050,284</u>	<u>\$ 3,845,471</u>	<u>\$ 4,912,505</u>	<u>\$ 1,067,034</u>

City of Alpena

Required Supplementary Information
Budgetary Comparison Schedule - Major Street Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
State revenue	\$ 1,785,000	\$ 1,904,530	\$ 1,434,757	\$ (469,773)
Charges for services	-	5,690	13,151	7,461
Investment income and rents	10,000	76,446	86,936	10,490
Other	300	631	35,395	34,764
Total revenues	<u>1,795,300</u>	<u>1,987,297</u>	<u>1,570,239</u>	<u>(417,058)</u>
Expenditures				
General government	3,000	3,200	3,435	(235)
Public works:				
Administration and engineering	56,418	49,684	50,146	(462)
Construction	1,045,579	615,784	42,789	572,995
Maintenance:				
Trunkline	116,551	113,787	117,291	(3,504)
Bridges	113,264	89,591	93,832	(4,241)
Traffic control	63,529	50,714	59,216	(8,502)
Snow and ice	226,517	198,536	119,702	78,834
Streets	236,670	255,454	264,908	(9,454)
	<u>1,858,528</u>	<u>1,373,550</u>	<u>747,884</u>	<u>625,666</u>
Total expenditures	<u>1,861,528</u>	<u>1,376,750</u>	<u>751,319</u>	<u>625,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(66,228)</u>	<u>610,547</u>	<u>818,920</u>	<u>208,373</u>
Other Financing Sources (Uses)				
Transfers out	(175,000)	(175,000)	(175,000)	-
Total other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Net Change in Fund Balances	(241,228)	435,547	643,920	208,373
Fund Balances, beginning of year	766,109	1,222,601	1,222,601	-
Fund Balances, end of year	<u>\$ 524,881</u>	<u>\$ 1,658,148</u>	<u>\$ 1,866,521</u>	<u>\$ 208,373</u>

City of Alpena

Required Supplementary Information
Budgetary Comparison Schedule - American Rescue Plan Act Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ -	\$ -	\$ 124	\$ 124
Investment income and rents	10,000	24,950	45,664	20,714
Total revenues	<u>10,000</u>	<u>24,950</u>	<u>45,788</u>	<u>20,838</u>
Expenditures				
General government	-	124	124	-
Total expenditures	<u>-</u>	<u>124</u>	<u>124</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,000</u>	<u>24,826</u>	<u>45,664</u>	<u>20,838</u>
Other Financing Sources (Uses)				
Transfers out	(944,699)	(944,699)	-	944,699
Total other financing sources (uses)	<u>(944,699)</u>	<u>(944,699)</u>	<u>-</u>	<u>944,699</u>
Net Change in Fund Balances	(934,699)	(919,873)	45,664	965,537
Fund Balances, beginning of year	<u>421,569</u>	<u>21,852</u>	<u>21,852</u>	<u>-</u>
Fund Balances, end of year	<u>\$ (513,130)</u>	<u>\$ (898,021)</u>	<u>\$ 67,516</u>	<u>\$ 965,537</u>

City of Alpena

Notes to Required Supplementary Information

Note 1--Stewardship, Compliance, and Accountability.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for certain governmental funds, including the General Fund and special revenue funds.

Budgetary Information. Prior to adoption of the budgets, City departments prepare and submit their proposed operating budgets commencing July 1. A public hearing is conducted the second meeting in May to obtain taxpayer comments. Prior to July 1, the budget is adopted by the Council. Budgeted amounts shown are as originally adopted, or as amended by the Council during the year. Unused appropriations lapse at June 30 and are not carried forward to the following year.

After the budget is adopted, the City Manager and the Clerk/Treasurer are authorized to transfer budgeted amounts between accounts within a department. However, any revisions that alter the total expenditures of a department or fund must be approved by the City Council. Activities of the General Fund, and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for capital projects. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriation amount) is established by department within the individual fund.

Budgeted amounts of the revenues and expenditures presented for the general and other budgeted governmental funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund and major special revenue funds are presented as required supplemental information.

City of Alpena

Required Supplementary Information
Defined Benefit Pension System Trust

Schedule of Changes in the City's Net Pension Liability and Related Ratios

For the Year Ended June 30,

	2024	2023	2022	2021
Total Pension Liability				
Service cost	\$ 527,651	\$ 544,380	\$ 586,169	\$ 635,581
Interest on the total pension liability	2,699,096	2,583,222	2,516,089	2,460,957
Benefit changes	-	87,112	-	-
Difference between expected and actual experience of the total pension liability	284,991	1,461,433	765,578	647,305
Changes of assumptions	-	-	230,116	-
Benefit payments and refunds	(2,872,555)	(3,152,315)	(3,083,720)	(2,779,355)
Net change in total pension liability	639,183	1,523,832	1,014,232	964,488
Total pension liability, beginning of year	39,730,965	38,207,133	37,192,901	36,228,413
Total pension liability, end of year (a)	<u>\$40,370,148</u>	<u>\$39,730,965</u>	<u>\$38,207,133</u>	<u>\$37,192,901</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,215,421	\$ 1,035,096	\$ 1,072,812	\$ 983,398
Employee contributions	222,787	212,779	202,629	221,593
Pension plan net investment income (loss)	3,228,527	2,469,439	(3,986,727)	7,485,227
Benefit payments and refunds	(2,872,555)	(3,152,315)	(3,083,720)	(2,779,355)
Pension plan administrative expense	(40,483)	(39,305)	(38,534)	(26,501)
Other	-	-	693	5,977
Net change in plan fiduciary net position	1,753,697	525,694	(5,832,847)	5,890,339
Plan fiduciary net position, beginning of year	27,496,512	26,970,818	32,803,665	26,913,326
Plan fiduciary net position, end of year (b)	<u>\$29,250,209</u>	<u>\$27,496,512</u>	<u>\$26,970,818</u>	<u>\$32,803,665</u>
City's net pension liability, end of year (a) - (b)	<u>\$11,119,939</u>	<u>\$12,234,453</u>	<u>\$11,236,315</u>	<u>\$ 4,389,236</u>
Plan fiduciary net position as a percentage of total pension liability	72.46%	69.21%	70.59%	88.20%
Covered payroll	\$ 3,386,454	\$ 3,415,821	\$ 3,793,847	\$ 3,796,931
Net pension liability as a percentage of covered payroll	328.37%	358.17%	296.17%	115.60%

Assumption changes - Mortality assumptions were updated from the RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB for both males and females to the following in 2024: *General* - Pub-2010 General Mortality Tables, amount-weighted, with mortality improvements projected to 2030 using scale MP-2020.

Police and Fire - Pub-2010 Safety Mortality Tables, headcount-weighted, with mortality improvements projected to 2030 using scale MP-2020.

2020	2019	2018	2017	2016	2015
\$ 645,964	\$ 637,164	\$ 666,365	\$ 643,778	\$ 639,140	\$ 681,104
2,411,182	2,360,340	2,308,694	2,245,552	2,213,262	2,146,300
(5,386)	(4,644)	-	-	-	-
204,361	(94,044)	(253,404)	(116,263)	(496,231)	140,728
18,094	-	-	-	-	-
(2,336,553)	(2,017,258)	(1,921,258)	(1,843,385)	(1,951,044)	(2,030,031)
937,662	881,558	800,397	929,682	405,127	938,101
35,290,751	34,409,193	33,608,796	32,679,114	32,273,987	31,335,886
<u>\$36,228,413</u>	<u>\$35,290,751</u>	<u>\$34,409,193</u>	<u>\$33,608,796</u>	<u>\$32,679,114</u>	<u>\$32,273,987</u>
\$ 942,781	\$ 847,999	\$ 796,584	\$ 722,318	\$ 738,836	\$ 679,715
233,722	282,250	216,055	211,925	210,403	210,742
254,536	1,433,405	2,615,086	1,138,147	(233,064)	(87,422)
(2,336,553)	(2,017,258)	(1,921,258)	(1,843,385)	(1,951,044)	(2,030,031)
(36,323)	(40,872)	(40,024)	(39,007)	(37,541)	(36,507)
3,482	(8,325)	(12,200)	(392)	-	-
(938,355)	497,199	1,654,243	189,606	(1,272,410)	(1,263,503)
27,851,681	27,354,482	25,700,239	25,510,633	26,783,043	28,046,546
<u>\$26,913,326</u>	<u>\$27,851,681</u>	<u>\$27,354,482</u>	<u>\$25,700,239</u>	<u>\$25,510,633</u>	<u>\$26,783,043</u>
<u>\$ 9,315,087</u>	<u>\$ 7,439,070</u>	<u>\$ 7,054,711</u>	<u>\$ 7,908,557</u>	<u>\$ 7,168,481</u>	<u>\$ 5,490,944</u>
74.29%	78.92%	79.50%	76.47%	78.06%	82.99%
\$ 3,796,811	\$ 3,945,127	\$ 3,847,552	\$ 3,788,940	\$ 3,940,937	\$ 3,826,833
245.34%	188.56%	183.36%	208.73%	181.90%	143.49%

City of Alpena

Required Supplementary Information
Defined Benefit Pension System Trust
Schedule of Contributions

June 30, 2024

<u>Fiscal Year Ending June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015*	\$ 679,715	\$ 679,715	\$ -	\$ 3,826,833	17.76%
2016*	738,836	738,836	-	3,940,937	18.75%
2017*	722,318	722,318	-	3,788,940	19.06%
2018*	796,584	796,584	-	3,847,552	20.70%
2019*	847,999	847,999	-	3,945,127	21.49%
2020	942,781	942,781	-	3,796,811	24.83%
2021	983,398	983,398	-	3,796,931	25.90%
2022	1,072,812	1,072,812	-	3,793,847	28.28%
2023	1,035,096	1,035,096	-	3,415,821	30.30%
2024	1,215,421	1,215,421	-	3,386,454	17.29%

Notes to Schedule of Contributions:

Valuation date

June 30, 2023

*Actuarially determined contribution amounts are calculated as of December 31 each year, which is six months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions for the fiscal year ended June 30, 2024:

Actuarial cost method

Individual entry age normal

Amortization method

Level percent of pay for "open" groups
Level dollar for closed groups

Remaining amortization period

19 years for the General and Police groups
17 years for the Fire group

Asset valuation method

4-year smoothed market

Price inflation

3.50%

Salary increases

3.50% to 7.34%, including inflation

Investment rate of return

7.00%

Retirement age

Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

General : Pub-2010 General Mortality Tables, amount-weighted, with mortality improvements projected to 2030 using scale P-2020.
Police and Fire : Pub-2010 Safety Mortality Tables, headcount-weighted, with mortality improvements projected to 2030 using scale MP-2020.

City of Alpena

Required Supplementary Information
Defined Benefit Pension System Trust
Schedule of Investment Returns

June 30, 2024

Fiscal Year Ending June 30,	(1) Annual Return
2015	-0.14%
2016	-0.70%
2017	4.44%
2018	9.86%
2019	5.55%
2020	0.80%
2021	28.76%
2022	-12.37%
2023	9.64%
2024	12.17%

(1) Annual money-weighted rate of return, net of investment expenses.

City of Alpena

Required Supplementary Information
Other Post Employment Benefits (OPEB)
Schedule of Changes in the City's Net OPEB Liability and Related Ratios

For the Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service cost	\$ 71,359	\$ 66,693	\$ 74,570
Interest on the total OPEB liability	208,112	200,239	195,522
Difference between expected and actual experience due to benefit payments	(54,057)	(93,203)	(35,141)
Changes of assumptions	-	116,900	-
Benefit payments	<u>(166,244)</u>	<u>(157,254)</u>	<u>(147,537)</u>
Net change in total OPEB liability	59,170	133,375	87,414
Total OPEB liability, beginning of year	<u>3,515,974</u>	<u>3,382,599</u>	<u>3,295,185</u>
Total OPEB liability, end of year (a)	<u><u>\$ 3,575,144</u></u>	<u><u>\$ 3,515,974</u></u>	<u><u>\$ 3,382,599</u></u>
Plan Fiduciary Net Position			
Employer contributions	\$ 276,157	\$ 314,364	\$ 289,131
Employee contributions	-	-	-
OPEB plan net investment income (loss)	327,093	182,124	(268,276)
Benefit payments and refunds	(166,244)	(157,254)	(147,537)
OPEB plan administrative expense	(17,800)	(8,900)	(17,000)
Other	-	-	-
Net change in plan fiduciary net position	<u>419,206</u>	<u>330,334</u>	<u>(143,682)</u>
Plan fiduciary net position, beginning of year	<u>2,211,562</u>	<u>1,881,228</u>	<u>2,024,910</u>
Plan fiduciary net position, end of year (b)	<u><u>\$ 2,630,768</u></u>	<u><u>\$ 2,211,562</u></u>	<u><u>\$ 1,881,228</u></u>
City's net OPEB liability, end of year (a) - (b)	<u><u>\$ 944,376</u></u>	<u><u>\$ 1,304,412</u></u>	<u><u>\$ 1,501,371</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	73.58%	62.90%	55.61%
Covered employer payroll*	\$ 3,568,365	\$ 3,568,365	\$ 3,888,947
Net OPEB liability as a percentage of covered employee payroll	26.47%	36.55%	38.61%

*Covered payroll is valuation payroll as of the most recent actuarial valuation date.

Note: Governmental Accounting Standards Board (GASB) Statement No. 74 was implemented in fiscal year 2017 and Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

2021	2020	2019
\$ 66,929	\$ 183,976	\$ 191,628
216,652	147,103	205,337
(614,378)	(37,915)	(1,638,914)
118,244	(1,185,727)	416,550
(139,318)	(136,363)	(150,199)
(351,871)	(1,028,926)	(975,598)
3,647,056	4,675,982	5,651,580
<u>\$ 3,295,185</u>	<u>\$ 3,647,056</u>	<u>\$ 4,675,982</u>
\$ 308,880	\$ 371,340	\$ 277,033
-	-	-
429,881	(29,772)	20,688
(139,318)	(136,363)	(150,199)
(11,800)	(20,726)	(12,700)
-	(74)	-
587,643	184,405	134,822
1,437,267	1,252,862	1,118,040
<u>\$ 2,024,910</u>	<u>\$ 1,437,267</u>	<u>\$ 1,252,862</u>
<u>\$ 1,270,275</u>	<u>\$ 2,209,789</u>	<u>\$ 3,423,120</u>
61.45%	39.41%	26.79%
\$ 3,888,947	\$ 4,157,173	\$ 4,157,173
32.66%	53.16%	82.34%

City of Alpena

Required Supplementary Information
Other Post Employment Benefits (OPEB)
Schedule of Contributions

June 30, 2024

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a Percentage Covered Payroll
2018	\$ -	\$ 91,828	\$ (91,828)	\$ 4,377,658	2.10%
2019	365,287	277,033	88,254	4,157,173	6.66%
2020	374,520	371,340	3,180	4,157,173	8.93%
2021	206,637	308,880	(102,243)	3,888,947	7.94%
2022	219,346	289,131	(69,785)	3,888,947	7.43%
2023	185,708	314,364	(128,656)	3,568,365	8.81%
2024	197,255	276,157	(78,902)	3,568,365	7.74%

Notes to Schedule of Contributions

Valuation date June 30, 2022

Methods and assumptions used to determine contributions for the fiscal year ended June 30, 2024:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar
Asset valuation method	Market value of assets
Price inflation	3.50%
Salary increases	3.50% to 7.30%, including inflation
Investment rate of return	6.00%
Mortality	<i>General</i> : Pub-2010, amount-weighted, with future mortality improvements projected to 2030 using scale MP-2020 <i>Police and Fire</i> : Pub-2010, headcount-weighted, with future mortality improvements projected to 2030 using scale MP-2020
Health care trend rates	<i>Pre-65</i> : Trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 3.50%. <i>Post-65</i> : Trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 3.50%.

Note: This schedule is being built prospectively. Ultimately, ten years of data will be presented.

City of Alpena

Required Supplementary Information
Other Post Employment Benefits (OPEB)
Schedule of Investment Returns

June 30, 2024

Fiscal Year Ending June 30,	(1) Annual Return
2018	-0.02%
2019	1.75%
2020	-2.21%
2021	27.52%
2022	-12.07%
2023	8.71%
2024	13.70%

(1) Annual money-weighted rate of return, net of investment expenses.

Note: This schedule is being built prospectively. Ultimately, ten years of data will be presented.



City of Alpena

Nonmajor Governmental Funds

Description of Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Marina Fund. This fund is responsible for maintaining the City Marina and associated dockage and launching facilities.

Tree/Park Improvement Fund. This fund accounts for the resources to be used for the planting of trees and the improvement of the City of Alpena parks.

Local Street Fund. This fund accounts for the resources that are utilized for repairs, maintenance and construction of the City's local streets.

Building Inspection Fund. This fund accounts for charges for services and expenditures related to building inspections for the City of Alpena.

Debt Service Fund

Debt service funds are used to record the funding and payment of principal and interest on debt.

Building Authority Debt Fund. This fund is used to record the servicing of the Building Authority of the City of Alpena debt.

Capital Project Funds

Capital project funds are used to record the acquisition and construction of major capital facilities other than those financed by proprietary fund operations.

Capital Improvement Fund. This fund is used to record construction activity of the City of Alpena.

Building Authority Construction Fund. This fund is used to record construction activity of the Building Authority of the City of Alpena.

Department of Public Works (D.P.W.) Construction Fund. This fund is used to record construction activity of the D.P.W.

Permanent Fund

Permanent funds are used to account for and report amounts in which only earnings from investments can be utilized by the City, while the remaining principle is permanently restricted.

Perpetual Lot Care Fund. Investment earnings in this fund are utilized to help fund the City of Alpena's Evergreen Cemetery.

City of Alpena

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2024

	Nonmajor Special Revenue Funds	
	Marina	Tree/Park Improvement
Assets		
Cash and cash equivalents	\$ 27,402	\$ 601
Investments	-	-
Beneficial interest	-	-
Accounts receivable, net	76,882	-
Lease receivable	-	-
Special assessment receivable	-	-
Interest receivable	41	-
Due from other governmental units	132,505	-
Inventories	22,909	-
Prepaid expenditures	2,289	-
Total assets	<u>\$ 262,028</u>	<u>\$ 601</u>
Liabilities		
Accounts payable	\$ 52,964	\$ -
Accrued payroll	6,107	-
Other liabilities	1,410	-
Due to other funds	346	-
Unearned revenue	92,995	-
Total liabilities	<u>153,822</u>	<u>-</u>
Deferred inflows of resources		
Unavailable revenue - leases	-	-
Unavailable revenue - special assessments	-	-
Unavailable revenue - grants	132,505	-
Total deferred inflows of resources	<u>132,505</u>	<u>-</u>
Fund balances		
Nonspendable	25,198	-
Restricted	-	601
Committed	-	-
Unassigned	(49,497)	-
Total fund balances	<u>(24,299)</u>	<u>601</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 262,028</u>	<u>\$ 601</u>

Nonmajor Capital Project Funds					
Local Street	Building Inspection	Capital Improvement	Building Authority Construction	D.P.W. Construction	
\$ 912,542	\$ 51,021	\$ 123	\$ 108	\$ 376,815	
-	-	-	-	99,196	
-	-	-	-	-	
-	-	-	-	97,580	
2,502	-	-	-	-	
30	44	-	-	574	
68,777	-	-	-	-	
-	-	-	-	-	
2,786	4,129	-	-	-	
<u>\$ 986,637</u>	<u>\$ 55,194</u>	<u>\$ 123</u>	<u>\$ 108</u>	<u>\$ 574,165</u>	
\$ 5,078	\$ 16,160	\$ -	\$ -	\$ -	
1,760	1,739	-	-	-	
-	-	-	-	-	
2,162	-	-	-	-	
-	-	-	-	-	
<u>9,000</u>	<u>17,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	-	-	87,768	
2,502	-	-	-	-	
-	-	-	-	-	
<u>2,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,768</u>	
2,786	4,129	-	-	-	
972,349	33,166	-	-	-	
-	-	123	108	486,397	
-	-	-	-	-	
<u>975,135</u>	<u>37,295</u>	<u>123</u>	<u>108</u>	<u>486,397</u>	
<u>\$ 986,637</u>	<u>\$ 55,194</u>	<u>\$ 123</u>	<u>\$ 108</u>	<u>\$ 574,165</u>	

(continued)

City of Alpena

Combining Balance Sheet - Nonmajor Governmental Funds (continued)

June 30, 2024

	Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	Building Authority Debt	Perpetual Lot Care	
Assets			
Cash and cash equivalents	\$ 1,194	\$ 4,932	\$ 1,374,738
Investments	-	-	99,196
Beneficial interest	-	1,202,902	1,202,902
Accounts receivable, net	-	-	76,882
Lease receivable	-	-	97,580
Special assessment receivable	-	-	2,502
Interest receivable	-	-	689
Due from other governmental units	-	-	201,282
Inventories	-	-	22,909
Prepaid expenditures	-	-	9,204
Total assets	<u>\$ 1,194</u>	<u>\$ 1,207,834</u>	<u>\$ 3,087,884</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 74,202
Accrued payroll	-	-	9,606
Other liabilities	-	-	1,410
Due to other funds	-	-	2,508
Unearned revenue	-	-	92,995
Total liabilities	<u>-</u>	<u>-</u>	<u>180,721</u>
Deferred inflows of resources			
Unavailable revenue - leases	-	-	87,768
Unavailable revenue - special assessments	-	-	2,502
Unavailable revenue - grants	-	-	132,505
Total liabilities	<u>-</u>	<u>-</u>	<u>222,775</u>
Fund balances			
Nonspendable	-	1,165,427	1,197,540
Restricted	1,194	42,407	1,049,717
Committed	-	-	486,628
Unassigned	-	-	(49,497)
Total fund balances	<u>1,194</u>	<u>1,207,834</u>	<u>2,684,388</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,194</u>	<u>\$ 1,207,834</u>	<u>\$ 3,087,884</u>

(concluded)



City of Alpena

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2024

	Nonmajor Special Revenue Funds	
	Marina	Tree/Park Improvement
Revenues		
Special assessment revenue	\$ -	\$ -
Licenses and permits	16,355	-
State revenue	-	-
Charges for services	219,070	-
Investment income and rents	222,950	35
Fines and forfeitures	-	-
Other	2,167	-
Total revenues	<u>460,542</u>	<u>35</u>
Expenditures		
Current operations:		
General government	-	-
Public safety	-	-
Public works	758,630	-
Debt service:		
Principal retirement	-	-
Interest and fees	-	-
Total expenditures	<u>758,630</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(298,088)</u>	<u>35</u>
Other Financing Sources (Uses)		
Transfers in	98,612	-
Transfers out	-	-
Total other financing sources (uses)	<u>98,612</u>	<u>-</u>
Net Changes in Fund Balance	(199,476)	35
Fund Balances, beginning of year	<u>175,177</u>	<u>566</u>
Fund Balances, end of year	<u>\$ (24,299)</u>	<u>\$ 601</u>

Nonmajor Capital Project Funds				
Local Street	Building Inspection	Capital Improvement	Building Authority Construction	D.P.W. Construction
\$ 1,214	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
454,543	-	-	-	-
-	403,093	-	-	-
48,763	945	10	7	41,085
-	2,497	-	-	-
631	1,959	-	-	-
<u>505,151</u>	<u>408,494</u>	<u>10</u>	<u>7</u>	<u>41,085</u>
3,435	2,453	-	339	-
-	362,326	-	-	-
572,511	-	-	-	-
-	12,002	-	-	-
-	5,160	-	-	-
<u>575,946</u>	<u>381,941</u>	<u>-</u>	<u>339</u>	<u>-</u>
<u>(70,795)</u>	<u>26,553</u>	<u>10</u>	<u>(332)</u>	<u>41,085</u>
240,748	-	-	-	-
-	-	-	-	-
<u>240,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
169,953	26,553	10	(332)	41,085
805,182	10,742	113	440	445,312
<u>\$ 975,135</u>	<u>\$ 37,295</u>	<u>\$ 123</u>	<u>\$ 108</u>	<u>\$ 486,397</u>

(continued)

City of Alpena

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (continued)

For the Year Ended June 30, 2024

	Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	Building Authority Debt	Perpetual Lot Care	
Revenues			
Special assessment revenue	\$ -	\$ -	\$ 1,214
Licenses and permits	-	-	16,355
State revenue	-	-	454,543
Charges for services	-	5,771	627,934
Investment income and rents	44	119,750	433,589
Fines and forfeitures	-	-	2,497
Other	-	-	4,757
Total revenues	44	125,521	1,540,889
Expenditures			
Current operations:			
General government	-	-	6,227
Public safety	-	-	362,326
Public works	-	11,997	1,343,138
Debt service:			
Principal retirement	105,000	-	117,002
Interest and fees	22,252	-	27,412
Total expenditures	127,252	11,997	1,856,105
Excess (Deficiency) of Revenues Over Expenditures	(127,208)	113,524	(315,216)
Other Financing Sources (Uses)			
Transfers in	126,503	-	465,863
Transfers out	-	(65,347)	(65,347)
Total other financing sources (uses)	126,503	(65,347)	400,516
Net Changes in Fund Balance	(705)	48,177	85,300
Fund Balances, beginning of year	1,899	1,159,657	2,599,088
Fund Balances, end of year	\$ 1,194	\$ 1,207,834	\$ 2,684,388

(concluded)

City of Alpena

Budgetary Comparison Schedule - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Marina				
Revenues				
Licenses and permits	\$ 12,000	\$ 12,000	\$ 16,355	\$ 4,355
State revenue	150,000	225,000	-	(225,000)
Charges for services	199,550	227,200	219,070	(8,130)
Investment income and rents	212,575	204,981	222,950	17,969
Other	150	96	2,167	2,071
Total revenues	<u>574,275</u>	<u>669,277</u>	<u>460,542</u>	<u>(208,735)</u>
Expenditures				
Public works	<u>668,070</u>	<u>1,023,444</u>	<u>758,630</u>	<u>264,814</u>
Total expenditures	<u>668,070</u>	<u>1,023,444</u>	<u>758,630</u>	<u>264,814</u>
Excess (deficiency) of revenues over expenditures	(93,795)	(354,167)	(298,088)	56,079
Other financing sources (uses)				
Transfers in	<u>94,835</u>	<u>178,991</u>	<u>98,612</u>	<u>(80,379)</u>
Net change in fund balances	1,040	(175,176)	(199,476)	(24,300)
Fund balances, beginning of the year	<u>52,207</u>	<u>175,177</u>	<u>175,177</u>	<u>-</u>
Fund balances, end of the year	<u>\$ 53,247</u>	<u>\$ 1</u>	<u>\$ (24,299)</u>	<u>\$ (24,300)</u>

City of Alpena

Budgetary Comparison Schedule - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Tree/Park Improvement				
Revenues				
Investment income and rents	\$ -	\$ 23	\$ 35	\$ 12
Expenditures	-	-	-	-
Other financing sources (uses)	-	-	-	-
Net change in fund balances	-	23	35	12
Fund balances, beginning of the year	418	566	566	-
Fund balances, end of the year	\$ 418	\$ 589	\$ 601	\$ 12
Local Street				
Revenues				
Special assessment revenue	\$ 1,500	\$ 1,158	\$ 1,214	\$ 56
State revenue	440,500	445,500	454,543	9,043
Investment income and rents	10,000	42,000	48,763	6,763
Other	560	631	631	-
Total revenues	452,560	489,289	505,151	15,862
Expenditures				
General government	3,300	3,300	3,435	(135)
Public works	617,573	672,908	572,511	100,397
Total expenditures	620,873	676,208	575,946	100,262
Excess (deficiency) of revenues over expenditures	(168,313)	(186,919)	(70,795)	116,124
Other financing sources (uses)				
Transfers in	175,000	240,748	240,748	-
Net change in fund balances	6,687	53,829	169,953	116,124
Fund balances, beginning of the year	594,635	805,182	805,182	-
Fund balances, end of the year	\$ 601,322	\$ 859,011	\$ 975,135	\$ 116,124

City of Alpena

Budgetary Comparison Schedule - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Building Inspection				
Revenues				
Charges for services	\$ 316,500	\$ 348,505	\$ 403,093	\$ 54,588
Investment income and rents	500	600	945	345
Fines and forfeitures	2,000	2,770	2,497	(273)
Other	-	1,959	1,959	-
Total revenues	<u>319,000</u>	<u>353,834</u>	<u>408,494</u>	<u>54,660</u>
Expenditures				
General government	2,000	2,000	2,453	(453)
Public safety	304,536	368,296	362,326	5,970
Debt service:				
Principal	-	-	12,002	(12,002)
Interest	-	-	5,160	(5,160)
Total expenditures	<u>306,536</u>	<u>370,296</u>	<u>381,941</u>	<u>(11,645)</u>
Excess (deficiency) of revenues over expenditures	12,464	(16,462)	26,553	43,015
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>5,720</u>	<u>-</u>	<u>(5,720)</u>
Net change in fund balances	12,464	(10,742)	26,553	37,295
Fund balances, beginning of the year	<u>11,961</u>	<u>10,742</u>	<u>10,742</u>	<u>-</u>
Fund balances, end of the year	<u>\$ 24,425</u>	<u>\$ -</u>	<u>\$ 37,295</u>	<u>\$ 37,295</u>



City of Alpena

Internal Service Funds

Description of Funds

Internal service funds are used to account for the financing of special activities or services performed by a designated unit within the City for other units of the City. These funds are supported entirely by the sale of goods or services to other funds.

Equipment Fund. This fund is used to account for the rental charges of City owned equipment to other City departments.

Stores Fund. This fund is used to account for the movement of stockpiled materials and supplies.

City of Alpena

Combining Statement of Net Position - Internal Service Funds

June 30, 2024

	<u>Equipment</u>	<u>Stores</u>	<u>Totals</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,361,513	\$ -	\$ 1,361,513
Investments, at fair value	1,483,647	-	1,483,647
Accounts receivable, net	16,476	-	16,476
Interest receivable	9,806	-	9,806
Due from other funds	13,557	-	13,557
Inventories	-	357,277	357,277
Prepaid expenditures	10,804	-	10,804
Total current assets	<u>2,895,803</u>	<u>357,277</u>	<u>3,253,080</u>
Noncurrent assets:			
Capital assets being depreciated, net	<u>756,084</u>	-	<u>756,084</u>
Total noncurrent assets	<u>756,084</u>	-	<u>756,084</u>
Total assets	<u>3,651,887</u>	<u>357,277</u>	<u>4,009,164</u>
Liabilities			
Current liabilities:			
Accounts payable	20,476	13,438	33,914
Accrued payroll	981	-	981
Unearned revenue	54,699	-	54,699
Lease liability, current portion	42,116	-	42,116
Total current liabilities	<u>118,272</u>	<u>13,438</u>	<u>131,710</u>
Noncurrent liabilities:			
Lease liability	<u>158,027</u>	-	<u>158,027</u>
Total noncurrent liabilities	<u>158,027</u>	-	<u>158,027</u>
Total liabilities	<u>276,299</u>	<u>13,438</u>	<u>289,737</u>
Net Position			
Net investment in capital assets	555,941	-	555,941
Unrestricted	<u>2,819,647</u>	<u>343,839</u>	<u>3,163,486</u>
Total net position	<u>\$ 3,375,588</u>	<u>\$ 343,839</u>	<u>\$ 3,719,427</u>

City of Alpena

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds

For the Year Ended June 30, 2024

	<u>Equipment</u>	<u>Stores</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 931,948	\$ 168,411	\$ 1,100,359
Total operating revenues	<u>931,948</u>	<u>168,411</u>	<u>1,100,359</u>
Operating Expenses			
Salaries and wages	58,003	-	58,003
Employee benefits	30,371	-	30,371
Supplies and durable goods	46,868	275,266	322,134
Gas and oil	99,128	-	99,128
Professional and contractual	3,826	-	3,826
Administrative services	255,000	-	255,000
Insurance	19,838	-	19,838
Repairs and maintenance	113,939	-	113,939
Equipment rental	6,991	-	6,991
Interest on lease	15,597	-	15,597
Miscellaneous	12,433	-	12,433
Depreciation	153,592	-	153,592
Total operating expenses	<u>815,586</u>	<u>275,266</u>	<u>1,090,852</u>
Operating Income (Loss)	<u>116,362</u>	<u>(106,855)</u>	<u>9,507</u>
Nonoperating Revenues (Expenses)			
Investment income	62,131	-	62,131
Gain (loss) on capital asset disposals	42,641	-	42,641
Total nonoperating revenues (expenses)	<u>104,772</u>	<u>-</u>	<u>104,772</u>
Net Income (Loss) Before Transfers	<u>221,134</u>	<u>(106,855)</u>	<u>114,279</u>
Transfers			
Transfers in	817,913	120,655	938,568
Change in Net Position	1,039,047	13,800	1,052,847
Net Position, beginning of year	<u>2,336,541</u>	<u>330,039</u>	<u>2,666,580</u>
Net Position, end of year	<u>\$ 3,375,588</u>	<u>\$ 343,839</u>	<u>\$ 3,719,427</u>

City of Alpena

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2024

	<u>Equipment</u>	<u>Stores</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from interfund service provided	\$ 915,472	\$ 168,411	\$ 1,083,883
Payments to suppliers	(309,962)	(289,066)	(599,028)
Payments to employees	(88,137)	-	(88,137)
Payments for interfund services used	(258,784)	-	(258,784)
Net cash provided (used) by operating activities	<u>258,589</u>	<u>(120,655)</u>	<u>137,934</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	<u>872,612</u>	<u>120,655</u>	<u>993,267</u>
Net cash provided (used) by noncapital financing activities	<u>872,612</u>	<u>120,655</u>	<u>993,267</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(365,316)	-	(365,316)
Proceeds from capital asset disposals	42,641	-	42,641
Proceeds from debt issuance	125,749	-	125,749
Principal paid on capital debt	(31,659)	-	(31,659)
Net cash provided (used) by capital and related financing activities	<u>(228,585)</u>	<u>-</u>	<u>(228,585)</u>
Cash Flows from Investing Activities			
Purchase of investments	(500,000)	-	(500,000)
Proceeds from sale of investments	250,000	-	250,000
Interest and dividends received	57,462	-	57,462
Net cash provided (used) by investing activities	<u>(192,538)</u>	<u>-</u>	<u>(192,538)</u>
Net increase (decrease) in cash and cash equivalents	710,078	-	710,078
Cash and Cash Equivalents, beginning of year	<u>651,435</u>	<u>-</u>	<u>651,435</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,361,513</u>	<u>\$ -</u>	<u>\$ 1,361,513</u>

(continued)

City of Alpena

Combining Statement of Cash Flows
Internal Service Funds (continued)

For the Year Ended June 30, 2024

	Equipment	Stores	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 116,362	\$ (106,855)	\$ 9,507
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	153,592	-	153,592
(Increase) decrease in receivables	(16,476)	-	(16,476)
(Increase) decrease in due from other funds	(3,784)	-	(3,784)
(Increase) decrease in inventories	-	(25,786)	(25,786)
(Increase) decrease in prepaid expenditures	27	-	27
Increase (decrease) in accounts payable	8,631	11,986	20,617
Increase (decrease) in accrued payroll	237	-	237
	<u>\$ 258,589</u>	<u>\$ (120,655)</u>	<u>\$ 137,934</u>
Net cash provided (used) by operating activities	<u>\$ 258,589</u>	<u>\$ (120,655)</u>	<u>\$ 137,934</u>
Non-Cash Investing, Capital and Financing Activities			
Increase (decrease) in fair value of investments	<u>\$ 14,021</u>	<u>\$ -</u>	<u>\$ 14,021</u>

City of Alpena

General Fund

Description of Fund

The General Fund is used to account for all financial transactions not properly accounted for in another fund. The transactions relating to the general governmental activities of the City, which are financed by property tax levies, by distribution of State revenues, and by revenues from various municipal activities and services, are recorded in this fund. Costs for City administration are accounted for in this fund. Other operating funds make contributions to the General Fund for overhead or administrative costs which are allocated to each fund.

City of Alpena

General Fund

Comparative Balance Sheet

	June 30,	
	2024	2023
Assets		
Cash and cash equivalents	\$ 2,783,851	\$ 1,459,886
Investments, at fair value	2,462,665	2,927,532
Accounts receivable, net	484,986	460,476
Taxes receivable	181,500	243,887
Lease receivable	497,242	511,984
Interest receivable	99,377	83,785
Due from other governmental units	348,829	252,748
Due from component units	10,813	8,765
Prepaid expenditures	120,875	128,400
Total assets	\$ 6,990,138	\$ 6,077,463
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 309,771	\$ 224,226
Deposits payable	32,778	17,533
Accrued payroll	115,937	110,081
Due to other funds	8,369	67,881
Unearned revenue	981,827	-
Total liabilities	1,448,682	419,721
Deferred inflows of resources		
Unavailable revenue, property taxes	182,214	244,516
Unavailable revenue, leases	446,737	477,721
Total deferred inflows of resources	628,951	722,237
Fund balances		
Nonspendable	120,875	128,400
Restricted by donor for:		
Shoreline erosion	5,000	5,000
Mich-E-Ke-Wis Park pavilion	5,000	5,000
Capital outlay	167,189	-
Continuing education	7,500	-
Committed for:		
Capital outlay	130,831	120,044
Budget stabilization	43,547	36,170
Police department	-	9,282
Continuing education	7,919	3,360
Unassigned	4,424,644	4,628,249
Total fund balances	4,912,505	4,935,505
Total liabilities, deferred inflows of resources and fund balances	\$ 6,990,138	\$ 6,077,463

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Revenues				
Taxes:				
Current property	\$ 4,308,364	\$ 4,419,189	\$ 4,416,248	\$ 4,127,544
Other	366,000	393,279	397,115	317,140
	<u>4,674,364</u>	<u>4,812,468</u>	<u>4,813,363</u>	<u>4,444,684</u>
Licenses and Permits	<u>32,950</u>	<u>36,050</u>	<u>40,637</u>	<u>42,012</u>
State Revenue:				
State shared revenue	1,855,000	2,104,518	2,125,269	2,181,223
Grants	244,025	671,677	218,346	70,050
	<u>2,099,025</u>	<u>2,776,195</u>	<u>2,343,615</u>	<u>2,251,273</u>
Federal Revenue	<u>1,173</u>	<u>799</u>	<u>6,899</u>	<u>58,027</u>
Local Revenue	<u>1,083,800</u>	<u>1,210,750</u>	<u>1,131,040</u>	<u>1,211,366</u>
Charges for Services:				
Ambulance	1,350,000	1,350,000	1,531,675	1,387,601
Cemetery	57,100	67,700	73,354	79,046
Other	90,600	115,259	105,650	107,766
Administrative-equipment fund	103,100	103,100	103,100	123,950
Administrative-water fund	192,581	192,582	186,000	189,138
Administrative-sewage fund	192,581	192,580	186,000	189,138
Administrative-retirement fund	40,484	40,484	40,484	39,305
Administrative-other	323,277	323,277	323,277	304,072
	<u>2,349,723</u>	<u>2,384,982</u>	<u>2,549,540</u>	<u>2,420,016</u>
Investment Income and Rents	<u>301,671</u>	<u>313,725</u>	<u>491,961</u>	<u>444,432</u>
Fines and Forfeitures	<u>67,000</u>	<u>75,750</u>	<u>22,840</u>	<u>22,332</u>
Other:				
Scrap and salvage sales	700	10,000	7,577	763
Donations	235,000	289,189	204,189	25,059
Reimbursements and refunds	44,730	125,238	102,805	76,158
Miscellaneous	2,800	1,918	1,756	2,307
	<u>283,230</u>	<u>426,345</u>	<u>316,327</u>	<u>104,287</u>
Total revenues	<u>10,892,936</u>	<u>12,037,064</u>	<u>11,716,222</u>	<u>10,998,429</u>

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Expenditures				
General Government				
City Council:				
Salaries and wages	\$ 32,000	\$ 31,538	\$ 31,538	\$ 32,150
Employee benefits	4,094	4,065	4,065	4,423
Supplies and durable goods	450	450	399	434
Administrative services	18,872	18,872	18,872	15,908
Continuing education	1,000	10	10	10
Insurance and bonds	340	324	324	326
Utilities	1,800	1,800	2,015	1,728
Miscellaneous	300	300	266	425
	<u>58,856</u>	<u>57,359</u>	<u>57,489</u>	<u>55,404</u>
City Manager:				
Salaries and wages	93,684	99,039	99,263	91,348
Employee benefits	38,917	39,389	39,434	40,672
Supplies and durable goods	500	2,521	3,343	457
Professional and contractual	500	500	59	1,024
Administrative services	5,156	5,156	5,156	4,346
Continuing education	2,000	2,000	2,426	1,171
Community promotion	500	500	-	425
Insurance and bonds	675	660	660	661
Utilities	1,100	700	698	1,052
Rentals - equipment and other	-	-	301	-
Miscellaneous	3,000	103	63	2,626
	<u>146,032</u>	<u>150,568</u>	<u>151,403</u>	<u>143,782</u>
Accounting Department:				
Salaries and wages	104,509	102,981	105,510	113,590
Employee benefits	44,234	43,879	43,987	52,201
Supplies and durable goods	2,500	2,500	1,656	3,195
Continuing education	100	100	-	-
Insurance and bonds	2,050	2,010	2,010	2,010
Miscellaneous	6,000	3,298	683	3,481
	<u>159,393</u>	<u>154,768</u>	<u>153,846</u>	<u>174,477</u>

(continued)

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Expenditures (continued)				
Budget Department:				
Salaries and wages	\$ 29,067	\$ 29,071	\$ 28,955	\$ 26,979
Employee benefits	10,145	10,284	10,307	11,469
Supplies and durable goods	200	100	233	163
Continuing education	100	100	-	-
Insurance and bonds	310	303	303	303
	<u>39,822</u>	<u>39,858</u>	<u>39,798</u>	<u>38,914</u>
Clerk:				
Salaries and wages	83,050	83,054	82,357	88,221
Employee benefits	29,131	29,348	29,249	38,228
Supplies and durable goods	11,500	12,450	8,111	8,583
Professional and contractual	500	700	660	150
Administrative services	19,746	19,746	19,746	16,646
Continuing education	2,000	2,000	1,989	1,267
Insurance and bonds	1,250	1,292	1,337	1,292
Utilities	1,150	1,150	1,214	1,177
Rentals - equipment and other	-	-	331	-
Miscellaneous	700	130	108	638
	<u>149,027</u>	<u>149,870</u>	<u>145,102</u>	<u>156,202</u>
External Audit:				
Supplies and durable goods	400	289	289	369
Professional and contractual	21,000	22,000	19,309	23,376
	<u>21,400</u>	<u>22,289</u>	<u>19,598</u>	<u>23,745</u>
Board of Review:				
Salaries and wages	1,200	800	670	700
Employee benefits	152	121	111	126
Supplies and durable goods	250	400	275	270
Continuing education	-	30	30	-
	<u>1,602</u>	<u>1,351</u>	<u>1,086</u>	<u>1,096</u>

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Treasurer:				
Salaries and wages	\$ 80,725	\$ 80,735	\$ 79,955	\$ 81,987
Employee benefits	30,533	30,910	30,791	37,202
Supplies and durable goods	7,900	7,420	8,523	6,689
Professional and contractual	1,000	3,100	3,063	610
Administrative services	19,746	19,746	19,746	16,646
Continuing education	2,500	2,500	1,916	1,992
Insurance and bonds	2,100	2,062	2,206	2,206
Utilities	1,150	1,171	1,214	1,177
Rentals - equipment and other	-	-	597	-
Miscellaneous	3,900	7,497	7,500	4,485
	<u>149,554</u>	<u>155,141</u>	<u>155,511</u>	<u>152,994</u>
Assessor:				
Salaries and wages	4,449	4,449	4,380	4,088
Employee benefits	3,041	3,079	3,044	2,834
Supplies and durable goods	4,700	8,450	8,452	5,464
Professional and contractual	100,000	105,269	105,269	88,967
Insurance and bonds	615	595	595	595
	<u>112,805</u>	<u>121,842</u>	<u>121,740</u>	<u>101,948</u>
Grants Manager:				
Professional and contractual	50,000	50,000	50,000	18,269
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>18,269</u>
Elections:				
Salaries and wages	10,600	14,512	14,566	18,800
Employee benefits	2,521	1,618	1,478	3,865
Supplies and durable goods	10,500	10,100	10,994	11,835
Professional and contractual	6,000	4,051	4,693	5,319
Continuing education	-	43	43	-
Rentals - equipment and other	800	624	1,327	1,363
Miscellaneous	100	100	-	73
	<u>30,521</u>	<u>31,048</u>	<u>33,101</u>	<u>41,255</u>

(continued)

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Expenditures (continued)				
Building and Grounds:				
Salaries and wages	\$ 33,078	\$ 26,896	\$ 25,523	\$ 22,036
Employee benefits	8,166	9,236	8,767	8,093
Supplies and durable goods	6,500	6,500	5,787	7,670
Professional and contractual	5,000	5,500	4,557	7,087
Continuing education	-	713	795	-
Insurance and bonds	3,550	3,110	3,110	3,518
Utilities	24,920	26,000	28,656	25,093
Repairs and maintenance	15,000	10,000	7,311	13,709
Rentals - equipment and other	7,400	5,400	3,741	4,700
Capital outlay	265,000	270,500	-	11,412
Miscellaneous	-	30	30	-
	<u>368,614</u>	<u>363,885</u>	<u>88,277</u>	<u>103,318</u>
City Attorney:				
Salaries and wages	67,731	67,731	67,762	66,041
Employee benefits	16,093	16,001	16,004	15,948
Supplies and durable goods	200	200	-	163
Professional and contractual	-	5,523	5,523	-
Insurance and bonds	820	800	800	800
	<u>84,844</u>	<u>90,255</u>	<u>90,089</u>	<u>82,952</u>
Human Resources:				
Salaries and wages	74,501	74,501	74,535	73,184
Employee benefits	17,983	18,022	18,550	19,272
Supplies and durable goods	1,900	1,400	1,059	1,964
Professional and contractual	2,000	1,000	59	1,462
Administrative services	5,155	5,155	5,155	4,346
Continuing education	1,000	1,000	431	-
Insurance and bonds	745	734	734	735
Utilities	600	600	583	565
Miscellaneous	2,700	1,700	136	2,692
	<u>106,584</u>	<u>104,112</u>	<u>101,242</u>	<u>104,220</u>
Retirement:				
Employee benefits	1,167,961	1,165,784	1,164,864	955,453
Insurance and bonds	7,500	7,440	7,440	7,437
	<u>1,175,461</u>	<u>1,173,224</u>	<u>1,172,304</u>	<u>962,890</u>

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			2023 Actual
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Information Technology:				
Salaries and wages	\$ 19,146	\$ 6,904	\$ 6,904	\$ 17,798
Employee benefits	8,751	4,095	4,095	8,605
Supplies and durable goods	68,000	76,000	42,418	53,686
Professional and contractual	108,000	105,000	103,380	111,967
Insurance and bonds	21,000	10,202	10,202	19,220
Utilities	100	-	-	41
Repairs and maintenance	130,000	120,000	129,626	122,046
Miscellaneous	1,400	2,000	1,560	1,892
Capital outlay	27,000	61,262	57,262	43,517
Other operating	1,652	1,652	200	-
	<u>385,049</u>	<u>387,115</u>	<u>355,647</u>	<u>378,772</u>
Other:				
Supplies and durable goods	6,800	7,036	7,036	6,700
Repairs and maintenance	3,500	2,000	1,613	3,121
Miscellaneous	-	-	395	-
	<u>10,300</u>	<u>9,036</u>	<u>9,044</u>	<u>9,821</u>
Total general government	<u>3,049,864</u>	<u>3,061,721</u>	<u>2,745,277</u>	<u>2,550,059</u>
Public Safety				
Police:				
Salaries and wages	1,429,445	1,350,771	1,293,199	1,185,502
Employee benefits	403,030	381,808	383,228	393,518
Supplies and durable goods	37,200	34,150	31,901	45,086
Professional and contractual	83,238	84,430	83,352	95,212
Continuing education	27,675	31,175	31,644	24,002
Insurance and bonds	35,000	44,000	42,831	34,897
Utilities	44,000	44,154	45,406	41,508
Repairs and maintenance	55,000	53,500	52,398	71,666
Rentals - equipment and other	47,757	40,341	1,030	914
Miscellaneous	4,700	2,532	5,588	26,751
Capital outlay	58,272	68,533	19,445	212,003
	<u>2,225,317</u>	<u>2,135,394</u>	<u>1,990,022</u>	<u>2,131,059</u>

(continued)

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			2023 Actual
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (continued)				
Fire:				
Salaries and wages	\$ 2,000,000	\$ 2,097,340	\$ 2,068,818	\$ 2,005,123
Employee benefits	817,801	740,129	712,251	666,693
Supplies and durable goods	90,500	104,577	113,244	98,698
Professional and contractual	241,610	282,610	270,426	232,098
Continuing education	81,000	41,601	32,592	27,303
Insurance and bonds	30,000	30,677	30,677	29,681
Utilities	52,640	45,000	51,711	49,483
Repairs and maintenance	70,000	71,500	70,332	83,755
Rentals - equipment and other	190,480	185,550	181,128	182,970
Miscellaneous	26,000	26,378	30,652	34,747
Capital outlay	112,500	44,404	46,127	260,459
	<u>3,712,531</u>	<u>3,669,766</u>	<u>3,607,958</u>	<u>3,671,010</u>
Total public safety	<u>5,937,848</u>	<u>5,805,160</u>	<u>5,597,980</u>	<u>5,802,069</u>
Public Works				
Public Works:				
Salaries and wages	436,737	385,913	355,480	391,170
Employee benefits	210,393	210,758	202,667	197,322
Supplies and durable goods	21,800	27,800	33,688	12,906
Professional and contractual	85,390	91,890	93,018	66,480
Continuing education	7,000	3,500	2,509	3,617
Insurance and bonds	2,800	7,148	7,148	1,785
Utilities	41,220	49,250	42,874	45,117
Repairs and maintenance	35,000	30,000	31,343	20,843
Rentals - equipment and other	135,000	135,000	101,379	137,888
Miscellaneous	100	135	1,300	33
Capital outlay	192,000	240,500	20,433	62,841
	<u>1,167,440</u>	<u>1,181,894</u>	<u>891,839</u>	<u>940,002</u>

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual	2023
	Original	Final	Amounts	Actual
Cemetery:				
Salaries and wages	\$ 87,500	\$ 91,000	\$ 107,762	\$ 83,996
Employee benefits	43,789	38,744	31,120	40,000
Supplies and durable goods	3,000	9,500	9,351	7,287
Professional and contractual	3,687	3,687	3,750	13,110
Insurance and bonds	1,800	1,767	1,767	1,782
Utilities	10,500	7,000	7,979	8,373
Repairs and maintenance	3,000	4,500	6,492	9,577
Rentals - equipment and other	20,024	35,024	56,810	38,557
Miscellaneous	1,000	500	335	1,220
Capital outlay	15,000	15,000	413	5,490
	<u>189,300</u>	<u>206,722</u>	<u>225,779</u>	<u>209,392</u>
Highways, Streets and Lights:				
Salaries and wages	1,000	218	73	555
Employee benefits	603	610	452	375
Supplies and durable goods	5,000	10,000	9,225	6,518
Utilities	85,000	71,000	67,642	69,916
Repairs and maintenance	45,000	55,000	58,522	66,023
Equipment rental	1,000	200	63	180
Miscellaneous	1,000	1,100	1,041	876
Capital outlay	55,000	95,000	39,936	58,351
	<u>193,603</u>	<u>233,128</u>	<u>176,954</u>	<u>202,794</u>
Total public works	<u>1,550,343</u>	<u>1,621,744</u>	<u>1,294,572</u>	<u>1,352,188</u>
Health and Welfare				
Professional and contractual	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>20,000</u>

(continued)

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			2023 Actual
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (continued)				
Community and economic development				
Community and economic development:				
Salaries and wages	\$ 108,502	\$ 106,958	\$ 107,626	\$ 62,068
Employee benefits	43,055	48,596	42,786	26,032
Supplies and durable goods	8,050	7,149	5,104	4,094
Professional and contractual	55,007	98,587	93,223	24,834
Administrative services	12,014	12,014	12,014	5,320
Continuing education	3,500	1,300	1,619	1,061
Utilities	984	980	849	980
Community promotion	41,000	51,000	51,000	45,000
Rentals - equipment and other	-	-	424	-
Miscellaneous	1,100	1,250	1,600	1,841
Total community and economic development	273,212	327,834	316,245	171,230
Recreation and Culture				
Parks and Recreation:				
Salaries and wages	127,500	156,000	171,893	137,025
Employee benefits	54,812	55,927	59,028	56,127
Supplies and durable goods	10,000	11,304	19,716	16,213
Professional and contractual	38,000	25,000	19,895	29,700
Insurance and bonds	6,025	6,321	6,321	5,963
Utilities	92,915	86,000	87,085	83,695
Repairs and maintenance	23,050	32,900	46,049	25,395
Rentals - equipment and other	115,000	145,000	154,571	125,141
Miscellaneous	20,600	20,660	20,572	20,808
Capital outlay	1,115,000	1,480,150	60,770	44,120
Total recreation and culture	1,602,902	2,019,262	645,900	544,187
Debt Service				
Principal	-	-	32,144	9,120
Interest	-	-	13,304	2,325
Total debt service	-	-	45,448	11,445
Total expenditures	12,436,669	12,858,221	10,667,922	10,451,178
Excess (Deficiency) of Revenues Over Expenditures	(1,543,733)	(821,157)	1,048,300	547,251

City of Alpena

General Fund

Comparative Schedule of Revenues, Expenditures, and Fund Balances -
Budget and Actual

	For the Year Ended June 30, 2024			
	Budgeted Amounts		Actual Amounts	2023 Actual
	Original	Final		
Other Financing Sources (Uses)				
Transfers in:				
American Rescue Plan Act Fund	\$ 890,000	\$ 890,000	\$ -	\$ -
Perpetual Lot Care Fund	-	-	65,347	-
Tree/Park Improvement Fund	-	-	-	5,000
Equipment Fund	-	-	-	33,660
Total transfers in	890,000	890,000	65,347	38,660
Transfers out:				
Building Authority Debt Fund	(128,253)	(128,253)	(126,503)	(100,150)
Building Inspection Fund	-	(5,720)	-	-
Local Streets Fund	-	(65,748)	(65,748)	-
Marina Fund	(94,835)	(178,991)	(98,612)	(110,000)
Perpetual Lot Care Fund	-	-	-	(65,347)
Equipment Fund	(50,000)	(817,913)	(817,913)	(50,000)
Stores Fund	-	(45,000)	(120,655)	(44,413)
Total transfers out	(273,088)	(1,241,625)	(1,229,431)	(369,910)
Proceeds from sale of capital assets	-	82,748	92,784	123,874
Proceeds from lease issuance	-	-	-	166,793
Total other financing sources (uses)	616,912	(268,877)	(1,071,300)	(40,583)
Net Changes in Fund Balance	(926,821)	(1,090,034)	(23,000)	506,668
Fund Balances, beginning of year	3,977,105	4,935,505	4,935,505	4,428,837
Fund Balances, end of year	\$ 3,050,284	\$ 3,845,471	\$ 4,912,505	\$ 4,935,505

(concluded)

City of Alpena

Enterprise Funds

Description of Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewage Fund. This fund is used to account for the cost of collecting and treating wastewater. Revenues are primarily from service charges to customers.

Water Fund. The cost of providing water services to City residents is accounted for by this fund. Revenues are primarily from charges to customers for water usage.

City of Alpena

Sewage Fund

Comparative Schedule of Net Position

	June 30,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,301,574	\$ 3,692,207
Accounts receivable, net	1,079,966	1,043,666
Prepaid expense	7,900	7,953
Total current assets	<u>4,389,440</u>	<u>4,743,826</u>
Noncurrent assets:		
Capital assets not being depreciated	1,850,183	319,733
Capital assets being depreciated, net	15,550,030	15,744,125
Total noncurrent assets	<u>17,400,213</u>	<u>16,063,858</u>
Total assets	<u>21,789,653</u>	<u>20,807,684</u>
Liabilities		
Current liabilities:		
Accounts payable	431,096	38,976
Accrued payroll	412	916
Accrued interest payable	6,011	6,974
Due to other funds	-	770
Bonds and notes payable - current portion	195,000	195,000
Total current liabilities	<u>632,519</u>	<u>242,636</u>
Noncurrent liabilities:		
Bonds and notes payable	<u>1,030,659</u>	<u>1,225,659</u>
Total liabilities	<u>1,663,178</u>	<u>1,468,295</u>
Net Position		
Net investment in capital assets	16,174,554	14,643,199
Restricted for:		
Debt service	31,559	32,656
Unrestricted	<u>3,920,362</u>	<u>4,663,534</u>
Total net position	<u>\$ 20,126,475</u>	<u>\$ 19,339,389</u>

City of Alpena

Sewage Fund

Comparative Schedule of Revenues, Expenses and Changes in Net Position

	For the Years Ended June 30,	
	2024	2023
Operating Revenues		
Charges for services	\$ 3,107,938	\$ 2,911,539
Other services	22,578	25,520
Total operating revenues	3,130,516	2,937,059
Operating Expenses		
Treatment plant:		
Employee benefits	104	88
Supplies and durable goods	81,361	43,492
Professional and contractual	820,610	793,502
Administrative services	186,000	189,138
Insurance	14,982	14,109
Utilities	297,728	284,803
Repairs and maintenance	5,913	7,375
Equipment rental	4,461	4,331
Depreciation	189,408	222,713
	1,600,567	1,559,551
Collection system:		
Salaries and wages	24,111	40,551
Employee benefits	10,656	23,791
Professional and contractual	274,437	264,649
Utilities	20,459	16,842
Repairs and maintenance	40,676	39,126
Equipment rental	54,592	60,577
Miscellaneous	1,041	1,587
Depreciation	390,147	382,848
	816,119	829,971
Other:		
Salaries and wages	19,993	13,778
Employee benefits	1,529	1,054
Professional and contractual	44,766	6,180
Settlement adjustment	82,368	-
	148,656	21,012
Total operating expenses	2,565,342	2,410,534
Operating Income (Loss)	565,174	526,525
Nonoperating Revenues (Expenses)		
Investment income and rents	247,879	85,269
Interest expense	(25,967)	(29,763)
Gain (loss) on capital asset disposals	-	18,912
Total nonoperating revenues (expenses)	221,912	74,418
Change in Net Position	787,086	600,943
Net Position, beginning of year	19,339,389	18,738,446
Net Position, end of year	\$ 20,126,475	\$ 19,339,389

City of Alpena

Sewage Fund

Comparative Schedule of Cash Flows

	For the Years Ended June 30,	
	2024	2023
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 3,011,848	\$ 2,888,510
Payments to suppliers	(1,268,853)	(1,586,206)
Payments to employees	(56,897)	(78,614)
Payments for interfund services used	(186,770)	(188,368)
Net cash provided (used) by operating activities	1,499,328	1,035,322
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,915,910)	(268,219)
Proceeds from capital asset disposals	-	18,912
Principal paid on capital debt	(195,000)	(190,000)
Interest paid on capital debt	(26,930)	(30,708)
Net cash provided (used) by capital and related financing activities	(2,137,840)	(470,015)
Cash Flows from Investing Activities		
Interest and dividends received	247,879	85,269
Net cash provided (used) by investing activities	247,879	85,269
Net increase (decrease) in cash and cash equivalents	(390,633)	650,576
Cash and Cash Equivalents, beginning of year	3,692,207	3,041,631
Cash and Cash Equivalents, end of year	\$ 3,301,574	\$ 3,692,207

(continued)

City of Alpena

Sewage Fund

Comparative Schedule of Cash Flows (continued)

	For the Years Ended June 30,	
	<u>2024</u>	<u>2023</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 565,174	\$ 526,525
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	579,555	605,561
(Increase) decrease in accounts receivable	(36,300)	(48,549)
(Increase) decrease in prepaid expense	53	(703)
Increase (decrease) in accounts payable	392,120	(48,930)
Increase (decrease) in accrued payroll	(504)	648
Increase (decrease) in due to other funds	<u>(770)</u>	<u>770</u>
Net cash provided (used) by operating activities	<u>\$ 1,499,328</u>	<u>\$ 1,035,322</u>
Non-Cash Investing, Capital and Financing Activities		
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>\$ -</u>
		(concluded)

City of Alpena

Water Fund

Comparative Schedule of Net Position

	June 30,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,194,770	\$ 5,754,506
Accounts receivable, net	2,959,809	3,030,327
Prepaid expense	7,852	7,912
Total current assets	<u>9,162,431</u>	<u>8,792,745</u>
Noncurrent assets:		
Capital assets not being depreciated	1,704,465	180,493
Capital assets being depreciated, net	13,805,166	13,989,498
Total noncurrent assets	<u>15,509,631</u>	<u>14,169,991</u>
Total assets	<u>24,672,062</u>	<u>22,962,736</u>
Liabilities		
Current liabilities:		
Accounts payable	586,448	22,082
Deposits payable	2,725	2,725
Accrued payroll	423	512
Accrued interest payable	6,917	8,040
Due to other funds	-	68
Unearned revenue	3,000,000	3,000,000
Bonds and notes payable - current portion	185,000	185,000
Total current liabilities	<u>3,781,513</u>	<u>3,218,427</u>
Noncurrent liabilities:		
Bonds and notes payable	<u>958,160</u>	<u>1,143,160</u>
Total liabilities	<u>4,739,673</u>	<u>4,361,587</u>
Net Position		
Net investment in capital assets	14,366,471	12,841,831
Restricted for:		
Debt service	31,563	32,656
Unrestricted	<u>5,534,355</u>	<u>5,726,662</u>
Total net position	<u>\$ 19,932,389</u>	<u>\$ 18,601,149</u>

City of Alpena

Water Fund

Comparative Schedule of Revenues, Expenses and Changes in Net Position

	For the Years Ended June 30,	
	2024	2023
Operating Revenues		
Charges for services	\$ 3,668,529	\$ 3,812,728
Other services	7,519	3,387
Total operating revenues	<u>3,676,048</u>	<u>3,816,115</u>
Operating Expenses		
Production:		
Supplies and durable goods	241,316	200,733
Professional and contractual	720,483	720,595
Utilities	129,947	132,639
Repairs and maintenance	791	-
Depreciation	132,291	126,806
	<u>1,224,828</u>	<u>1,180,773</u>
Distribution:		
Salaries and wages	38,107	33,772
Employee benefits	19,181	19,673
Professional and contractual	206,476	204,475
Insurance	14,778	12,773
Repairs and maintenance	200,955	173,989
Equipment rental	24,536	14,469
Miscellaneous	2,021	1,587
Depreciation	354,782	353,401
	<u>860,836</u>	<u>814,139</u>
Commercial and general:		
Professional and contractual	44,676	43,317
Administrative services	186,000	189,138
Insurance	362	306
	<u>231,038</u>	<u>232,761</u>
Other:		
Salaries and wages	19,993	13,778
Employee benefits	1,529	1,054
Professional and contractual	44,766	6,180
Settlement adjustment	322,137	-
	<u>388,425</u>	<u>21,012</u>
Total operating expenses	<u>2,705,127</u>	<u>2,248,685</u>
Operating Income (Loss)	<u>970,921</u>	<u>1,567,430</u>
Nonoperating Revenues (Expenses)		
Investment income and rents	390,070	91,681
Interest expense	(29,751)	(34,206)
Total nonoperating revenues (expenses)	<u>360,319</u>	<u>57,475</u>
Change in Net Position	1,331,240	1,624,905
Net Position, beginning of year	<u>18,601,149</u>	<u>16,976,244</u>
Net Position, end of year	<u>\$ 19,932,389</u>	<u>\$ 18,601,149</u>

City of Alpena

Water Fund

Comparative Schedule of Cash Flows

	For the Years Ended June 30,	
	2024	2023
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 3,424,429	\$ 3,532,609
Payments to suppliers	(1,066,681)	(1,491,697)
Payments to employees	(78,899)	(68,033)
Payments for interfund services used	(186,068)	(189,070)
	2,092,781	1,783,809
 Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,826,713)	(335,655)
Proceeds from capital grant	-	3,000,000
Principal paid on capital debt	(185,000)	(185,000)
Interest paid on capital debt	(30,874)	(35,330)
	(2,042,587)	2,444,015
 Cash Flows from Investing Activities		
Interest and dividends received	390,070	91,681
	390,070	91,681
Net cash provided (used) by investing activities	390,070	91,681
Net increase (decrease) in cash and cash equivalents	440,264	4,319,505
Cash and Cash Equivalents, beginning of year	5,754,506	1,435,001
Cash and Cash Equivalents, end of year	\$ 6,194,770	\$ 5,754,506

(continued)

City of Alpena

Water Fund

Comparative Schedule of Cash Flows (continued)

	For the Years Ended June 30,	
	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 970,921	\$ 1,567,430
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	487,073	480,207
(Increase) decrease in accounts receivable	70,518	(283,681)
(Increase) decrease in prepaid expenditures	60	(1,895)
Increase (decrease) in accounts payable	564,366	21,261
Increase (decrease) in deposits payable	-	175
Increase (decrease) in accrued payroll	(89)	244
Increase (decrease) in due to other funds	(68)	68
Net cash provided (used) by operating activities	<u>\$ 2,092,781</u>	<u>\$ 1,783,809</u>
Non-Cash Investing, Capital and Financing Activities		
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>\$ -</u> (concluded)

City of Alpena

Fiduciary Funds

Description of Funds

Pension Trust Funds

Pension Trust Fund. This fund is a trust fund used to record the activity of the City's pension plan. It was created and is operated under guidance of the Charter of the City of Alpena. The pension plan is financed by contributions from both the employees and the City.

Employee Health Care Fund. This fund is a trust fund used to record employee health care costs. The fund is financed by contributions from the City.

City of Alpena

Combining Statement of Net Position - Fiduciary Funds

June 30, 2024

	Pension (and Other Employee Benefit)		Totals
	Trust Funds		
	Pension Trust Fund	Employee Health Care Fund	
Assets			
Investments, at fair value:			
Short-term investment funds	\$ 341,323	\$ 43,242	\$ 384,565
Fixed income	7,658,617	689,956	8,348,573
Equity securities	18,594,707	1,716,132	20,310,839
Alternative investments	2,625,793	178,319	2,804,112
Interest receivable	54,710	5,091	59,801
Total assets	<u>29,275,150</u>	<u>2,632,740</u>	<u>31,907,890</u>
Liabilities			
Accounts payable	24,941	1,972	26,913
	<u>24,941</u>	<u>1,972</u>	<u>26,913</u>
Net Position			
Net position restricted for pension/OPEB	<u>\$ 29,250,209</u>	<u>\$ 2,630,768</u>	<u>\$ 31,880,977</u>

City of Alpena

Combining Statement of Changes in Net Position - Fiduciary Funds

For the Year Ended June 30, 2024

	Pension (and other employee benefit)		Totals
	Trust Funds		
	Pension Trust Fund	Employee Health Care Fund	
Additions			
Contributions:			
Employer	\$ 1,215,421	\$ 276,157	\$ 1,491,578
Employees	222,787	-	222,787
Total contributions	<u>1,438,208</u>	<u>276,157</u>	<u>1,714,365</u>
Investment income:			
Net increase (decrease) in fair value of investments	1,687,862	268,376	1,956,238
Gain (loss) on securities sold	971,761	-	971,761
Interest and dividends	699,513	66,369	765,882
	<u>3,359,136</u>	<u>334,745</u>	<u>3,693,881</u>
Less investment expense	130,609	7,652	138,261
Net investment income	<u>3,228,527</u>	<u>327,093</u>	<u>3,555,620</u>
Total additions	<u>4,666,735</u>	<u>603,250</u>	<u>5,269,985</u>
Deductions			
Benefits	2,759,500	166,244	2,925,744
Lump-sum retirement payments	113,055	-	113,055
Administrative expense	40,483	17,800	58,283
	<u>2,913,038</u>	<u>184,044</u>	<u>3,097,082</u>
Total deductions	<u>2,913,038</u>	<u>184,044</u>	<u>3,097,082</u>
Change in Net Position	1,753,697	419,206	2,172,903
Net Position, beginning of year	<u>27,496,512</u>	<u>2,211,562</u>	<u>29,708,074</u>
Net Position, end of year	<u>\$ 29,250,209</u>	<u>\$ 2,630,768</u>	<u>\$ 31,880,977</u>



City of Alpena

Component Units

Description of Funds

Discretely presented component unit funds are entities for which the City is considered to be financially accountable. These funds are reported in a separate column to emphasize that they are legally separate from the City. They do not issue a separate financial report. These statements reconcile modified accrual fund financial statements to the full accrual presentation financial section of the report.

Downtown Development Authority. Organized to promote and rehabilitate the downtown area. The Authorities also sponsor downtown events.

Brownfield Redevelopment Authority Fund. This fund accounts for the administration and redevelopment of contaminated, blighted and functionally obsolete properties within the City of Alpena.

Economic Development Corporation. This fund was created to encourage business development and job creation within the City.

City of Alpena

Component Units - Fund Based Statements
Balance Sheet / Statement of Net Position

June 30, 2024

	Modified Accrual	Full Accrual Adjustments	Net Position Full Accrual
Downtown Development Authority			
Assets			
Cash and cash equivalents	\$ 602,258	\$ -	\$ 602,258
Taxes receivable	92	-	92
Prepaid item	390	-	390
Capital assets not being depreciated	-	93,756	93,756
Capital assets being depreciated, net	-	153,183	153,183
Total assets	<u>\$ 602,740</u>	<u>246,939</u>	<u>849,679</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	\$ 3,802	-	3,802
Due to primary government	10,813	-	10,813
Accrued payroll	1,800	-	1,800
Long-term liabilities:			
Due within one year			
Bonds and loans	-	3,968	3,968
Due in more than one year			
Bonds and loans	-	27,743	27,743
Total liabilities	<u>16,415</u>	<u>31,711</u>	<u>48,126</u>
Deferred Inflows of Resources			
Unavailable revenue, property taxes	<u>36</u>	<u>(36)</u>	<u>-</u>
Fund Balance			
Unassigned	<u>586,289</u>	<u>(586,289)</u>	<u>-</u>
Total fund balance	<u>586,289</u>	<u>(586,289)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 602,740</u>		
Net Position			
Net investment in capital assets		215,228	215,228
Unrestricted		586,325	586,325
Total net position		<u>\$ 801,553</u>	<u>\$ 801,553</u>

City of Alpena

Component Units - Fund Based Statements
Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities

For the Year Ended June 30, 2024

	<u>Modified Accrual</u>	<u>Full Accrual Adjustments</u>	<u>Net Position Full Accrual</u>
Downtown Development Authority			
Revenues			
Property taxes	\$ 212,652	\$ 16	\$ 212,668
State shared revenue	3,581	-	3,581
State revenue	255,531	-	255,531
Federal revenue	14,052	-	14,052
Intergovernmental revenue	129,166	-	129,166
Charges for services	12,150	-	12,150
Investment income and rents	19,682	-	19,682
Fines and forfeitures	960	-	960
Other	11,616	-	11,616
Total revenues	<u>659,390</u>	<u>16</u>	<u>659,406</u>
Expenditures			
Current operations			
Community and economic development	<u>312,345</u>	<u>(22,125)</u>	<u>290,220</u>
Total expenditures	<u>312,345</u>	<u>(22,125)</u>	<u>290,220</u>
Change in Net Position	347,045	22,141	369,186
Net Position, beginning of year	<u>239,244</u>	<u>193,123</u>	<u>432,367</u>
Net Position, end of year	<u><u>\$ 586,289</u></u>	<u><u>\$ 215,264</u></u>	<u><u>\$ 801,553</u></u>

City of Alpena

Component Units - Fund Based Statements (continued)
Balance Sheet / Statement of Net Position

June 30, 2024

	<u>Modified Accrual</u>	<u>Full Accrual Adjustments</u>	<u>Net Position Full Accrual</u>
Brownfield Redevelopment Authority			
Assets			
Cash and cash equivalents	\$ 266,337	\$ -	\$ 266,337
Total assets	<u>\$ 266,337</u>	<u>-</u>	<u>266,337</u>
Liabilities and Fund Balance			
Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund Balance			
Unassigned	<u>266,337</u>	<u>(266,337)</u>	<u>-</u>
Total fund balance	<u>266,337</u>	<u>(266,337)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 266,337</u>		
Net Position			
Unrestricted		<u>266,337</u>	<u>266,337</u>
Total net position		<u>\$ 266,337</u>	<u>\$ 266,337</u>

City of Alpena

Component Units - Fund Based Statements (continued)
Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities

For the Year Ended June 30, 2024

	Modified Accrual	Full Accrual Adjustments	Net Position Full Accrual
Brownfield Redevelopment Authority			
Revenues			
Taxes	\$ 124,113	\$ -	\$ 124,113
State revenue	168	-	168
Federal revenue	22,339	-	22,339
Investment income and rents	4,722	-	4,722
Other	9,184	-	9,184
Total revenues	<u>160,526</u>	<u>-</u>	<u>160,526</u>
Expenditures			
Current operations			
Community and economic development	128,889	-	128,889
Total expenditures	<u>128,889</u>	<u>-</u>	<u>128,889</u>
Change in Net Position	31,637	-	31,637
Net Position, beginning of year	<u>234,700</u>	<u>-</u>	<u>234,700</u>
Net Position, end of year	<u><u>\$ 266,337</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 266,337</u></u>

City of Alpena

Component Units - Fund Based Statements (continued)
Balance Sheet / Statement of Net Position

June 30, 2024

	<u>Modified Accrual</u>	<u>Full Accrual Adjustments</u>	<u>Net Position Full Accrual</u>
Economic Development Corporation			
Assets			
Cash and cash equivalents	\$ 3,627	\$ -	\$ 3,627
Total assets	<u>\$ 3,627</u>	<u>-</u>	<u>3,627</u>
Liabilities and Fund Balance			
Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund Balance			
Unassigned	<u>3,627</u>	<u>(3,627)</u>	<u>-</u>
Total fund balance	<u>3,627</u>	<u>(3,627)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 3,627</u>		
Net Position			
Unrestricted		<u>3,627</u>	<u>3,627</u>
Total net position		<u>\$ 3,627</u>	<u>\$ 3,627</u>

City of Alpena

Component Units - Fund Based Statements
Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities

For the Year Ended June 30, 2024

	<u>Modified Accrual</u>	<u>Full Accrual Adjustments</u>	<u>Net Position Full Accrual</u>
Economic Development Corporation			
Revenues			
Investment income and rents	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Current operations			
Community and economic development	<u>36</u>	<u>-</u>	<u>36</u>
Total expenditures	<u>36</u>	<u>-</u>	<u>36</u>
Change in Net Position	(36)	-	(36)
Net Position, beginning of year	<u>3,663</u>	<u>-</u>	<u>3,663</u>
Net Position, end of year	<u><u>\$ 3,627</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,627</u></u>



III. STATISTICAL SECTION

This part of the City of Alpena’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	176
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	186
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	192
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	197
<i>Operating Information.</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	200

Sources. Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Alpena

Net Position by Component (accrual basis of accounting)

Last Ten Fiscal Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Governmental activities:				
Net investment in capital assets	\$ 25,311,668	\$ 26,217,067	\$ 26,378,681	\$ 27,459,339
Restricted	4,262,610	3,198,099	2,972,727	2,551,192
Unrestricted (deficit)	<u>(3,839,404)</u>	<u>(4,181,973)</u>	<u>(4,122,091)</u>	<u>(4,599,584)</u>
Total governmental activities net position	<u>\$ 25,734,874</u>	<u>\$ 25,233,193</u>	<u>\$ 25,229,317</u>	<u>\$ 25,410,947</u>
Business-type activities:				
Net investment in capital assets	\$ 30,541,025	\$ 27,485,030	\$ 27,591,924	\$ 26,694,751
Restricted	63,122	65,312	58,750	59,844
Unrestricted	<u>9,454,717</u>	<u>10,390,196</u>	<u>8,064,016</u>	<u>7,037,215</u>
Total business-type activities net position	<u>\$ 40,058,864</u>	<u>\$ 37,940,538</u>	<u>\$ 35,714,690</u>	<u>\$ 33,791,810</u>
Primary government:				
Net investment in capital assets	\$ 55,852,693	\$ 53,702,097	\$ 53,970,605	\$ 54,154,090
Restricted	4,325,732	3,263,411	3,031,477	2,611,036
Unrestricted	<u>5,615,313</u>	<u>6,208,223</u>	<u>3,941,925</u>	<u>2,437,631</u>
Total primary government net position	<u><u>\$ 65,793,738</u></u>	<u><u>\$ 63,173,731</u></u>	<u><u>\$ 60,944,007</u></u>	<u><u>\$ 59,202,757</u></u>

Source: City of Alpena's annual financial statements.

- (1) Discretely presented component units are not reflected.
- (2) GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in the presentation of the City's net pension liability on the statement of net position. Prior years were not restated.
- (3) GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in the presentation of the City's net OPEB liability on the statement of net position. Prior years were not restated.

Table 1

2020	2019	2018	2017	2016	2015
\$ 28,975,295	\$ 29,357,887	\$ 29,130,937	\$ 26,846,092	\$ 26,865,755	\$ 22,427,381
2,013,295	2,193,935	3,035,026	2,508,760	3,011,227	3,235,956
(6,384,910)	(6,766,856)	(7,206,268)	(4,711,433)	(2,759,674)	(1,883,488)
<u>\$ 24,603,680</u>	<u>\$ 24,784,966</u>	<u>\$ 24,959,695</u>	<u>\$ 24,643,419</u>	<u>\$ 27,117,308</u>	<u>\$ 23,779,849</u>
\$ 25,499,610	\$ 24,094,788	\$ 22,568,997	\$ 20,689,973	\$ 19,657,320	\$ 19,769,556
60,938	62,032	350,631	227,050	227,050	236,932
6,230,852	5,961,837	5,233,049	7,449,577	6,416,536	4,187,213
<u>\$ 31,791,400</u>	<u>\$ 30,118,657</u>	<u>\$ 28,152,677</u>	<u>\$ 28,366,600</u>	<u>\$ 26,300,906</u>	<u>\$ 24,193,701</u>
\$ 54,474,905	\$ 53,452,675	\$ 51,699,934	\$ 47,536,065	\$ 46,523,075	\$ 42,196,937
2,074,233	2,255,967	3,385,657	2,735,810	3,238,277	3,472,888
(154,058)	(805,019)	(1,973,219)	2,738,144	3,656,862	2,303,725
<u>\$ 56,395,080</u>	<u>\$ 54,903,623</u>	<u>\$ 53,112,372</u>	<u>\$ 53,010,019</u>	<u>\$ 53,418,214</u>	<u>\$ 47,973,550</u>

City of Alpena

Changes in Net Position (accrual basis of accounting)

Last Ten Fiscal Years Ended June 30,

	2024	2023	2022	2021
Expenses:				
Governmental activities:				
General government	\$ 3,882,921	\$ 5,016,982	\$ 3,996,966	\$ 3,293,492
Public safety	5,959,424	5,720,724	5,408,877	5,554,734
Public works	4,777,049	3,966,810	3,948,154	3,146,029
Health and welfare	22,500	20,000	-	-
Recreation and culture	699,588	634,969	543,436	479,251
Community and economic development	305,694	165,180	138,146	-
Interest on long-term debt	26,491	22,148	27,196	29,628
Total governmental activities	<u>15,673,667</u>	<u>15,546,813</u>	<u>14,062,775</u>	<u>12,503,134</u>
Business-type activities:				
Sewage	2,591,309	2,440,297	2,391,017	2,328,230
Water	2,734,878	2,282,891	2,137,054	2,493,841
Total business-type activities	<u>5,326,187</u>	<u>4,723,188</u>	<u>4,528,071</u>	<u>4,822,071</u>
Total primary government expenses	<u>20,999,854</u>	<u>20,270,001</u>	<u>18,590,846</u>	<u>17,325,205</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	1,658,138	1,709,615	1,792,883	1,591,418
Public safety	2,129,233	1,895,515	1,832,974	1,972,501
Public works	1,160,347	1,136,762	1,065,837	772,239
Recreation and culture	120,138	11,544	23,946	50,133
Community and economic development	33,926	44,914	29,957	8,267
Operating grants and contributions	3,353,877	3,176,893	3,086,219	2,869,365
Capital grants and contributions	132,505	519,079	3,660	3,310
Total governmental activities	<u>8,588,164</u>	<u>8,494,322</u>	<u>7,835,476</u>	<u>7,267,233</u>
Business-type activities:				
Charges for services:				
Sewage	3,130,516	2,937,059	2,844,138	3,071,242
Water	3,676,048	3,816,115	3,580,516	3,730,352
Total business-type activities	<u>6,806,564</u>	<u>6,753,174</u>	<u>6,424,654</u>	<u>6,801,594</u>
Total primary government program revenues	<u>15,394,728</u>	<u>15,247,496</u>	<u>14,260,130</u>	<u>14,068,827</u>
Net (Expense) Revenue:				
Governmental activities	(7,085,503)	(7,052,491)	(6,227,299)	(5,235,901)
Business-type activities	1,480,377	2,029,986	1,896,583	1,979,523
Total net expense	<u>(5,605,126)</u>	<u>(5,022,505)</u>	<u>(4,330,716)</u>	<u>(3,256,378)</u>

Table 2

2020	2019	2018	2017	2016	2015
\$ 3,333,847	\$ 3,245,641	\$ 3,357,377	\$ 4,069,620	\$ 3,838,100	\$ 3,351,040
6,574,287	6,495,399	6,533,086	6,766,066	6,415,452	5,954,321
3,439,234	3,557,186	3,338,349	3,410,282	2,512,624	2,801,754
-	-	-	-	-	-
765,937	583,812	990,632	779,257	772,420	554,321
-	-	-	-	-	-
30,164	32,351	34,090	35,029	42,702	41,405
<u>14,143,469</u>	<u>13,914,389</u>	<u>14,253,534</u>	<u>15,060,254</u>	<u>13,581,298</u>	<u>12,702,841</u>
2,429,060	2,375,778	2,526,104	2,277,385	2,245,516	2,236,402
<u>2,223,962</u>	<u>2,163,952</u>	<u>2,297,564</u>	<u>2,011,412</u>	<u>1,941,631</u>	<u>1,986,621</u>
<u>4,653,022</u>	<u>4,539,730</u>	<u>4,823,668</u>	<u>4,288,797</u>	<u>4,187,147</u>	<u>4,223,023</u>
18,796,491	18,454,119	19,077,202	19,349,051	17,768,445	16,925,864
2,157,205	1,988,411	1,738,227	1,805,609	1,945,973	1,819,769
2,330,203	2,049,239	2,058,064	1,860,565	1,958,438	1,839,835
277,152	272,992	342,806	354,552	276,385	493,200
54,647	106,129	283,775	53,280	50,803	56,286
-	-	-	-	-	-
2,587,738	2,515,409	2,758,757	2,971,115	3,028,615	2,021,808
205,692	1,072,018	191,778	13,661	7,835	21,243
<u>7,612,637</u>	<u>8,004,198</u>	<u>7,373,407</u>	<u>7,058,782</u>	<u>7,268,049</u>	<u>6,252,141</u>
3,031,720	3,108,692	3,077,140	3,133,993	3,237,582	2,897,812
<u>3,274,675</u>	<u>3,373,674</u>	<u>3,130,296</u>	<u>3,205,054</u>	<u>3,046,528</u>	<u>2,949,849</u>
<u>6,306,395</u>	<u>6,482,366</u>	<u>6,207,436</u>	<u>6,339,047</u>	<u>6,284,110</u>	<u>5,847,661</u>
<u>13,919,032</u>	<u>14,486,564</u>	<u>13,580,843</u>	<u>13,397,829</u>	<u>13,552,159</u>	<u>12,099,802</u>
(6,530,832)	(5,910,191)	(6,880,127)	(8,001,472)	(6,313,249)	(6,450,700)
<u>1,653,373</u>	<u>1,942,636</u>	<u>1,383,768</u>	<u>2,050,250</u>	<u>2,096,963</u>	<u>1,624,638</u>
<u>(4,877,459)</u>	<u>(3,967,555)</u>	<u>(5,496,359)</u>	<u>(5,951,222)</u>	<u>(4,216,286)</u>	<u>(4,826,062)</u>

(continued)

City of Alpena

Changes in Net Position (accrual basis of accounting) - continued

Last Ten Fiscal Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Revenues:				
Governmental Activities:				
Property taxes, levied for general purposes	\$ 4,751,061	\$ 4,472,051	\$ 4,090,366	\$ 3,929,252
Unrestricted state revenue	2,125,269	2,181,223	2,191,938	1,959,744
Investment earnings	641,177	403,605	(236,635)	12,239
Gain (loss) on sale of capital assets	69,677	(512)	-	-
Total Governmental Activities	<u>7,587,184</u>	<u>7,056,367</u>	<u>6,045,669</u>	<u>5,901,235</u>
Business-type Activities:				
Investment earnings	637,949	176,950	26,297	20,887
Gain (loss) on sale of capital assets	-	18,912	-	-
Special item - revenue adjustment	-	-	-	-
Total Business-type Activities	<u>637,949</u>	<u>195,862</u>	<u>26,297</u>	<u>20,887</u>
Total primary government	<u>8,225,133</u>	<u>7,252,229</u>	<u>6,071,966</u>	<u>5,922,122</u>
Change in Net Position				
Governmental activities	501,681	3,876	(181,630)	665,334
Business-type activities	2,118,326	2,225,848	1,922,880	2,000,410
Total primary government	<u>\$ 2,620,007</u>	<u>\$ 2,229,724</u>	<u>\$ 1,741,250</u>	<u>\$ 2,665,744</u>

Table 2

2020	2019	2018	2017	2016	2015
\$ 3,835,745	\$ 3,800,880	\$ 3,760,951	\$ 3,811,792	\$ 3,917,618	\$ 3,808,509
1,967,759	1,832,274	1,689,706	1,682,923	1,239,267	1,157,360
160,105	101,808	43,855	32,068	39,115	42,524
8,765	500	45	800	8,300	-
<u>5,972,374</u>	<u>5,735,462</u>	<u>5,494,557</u>	<u>5,527,583</u>	<u>5,204,300</u>	<u>5,008,393</u>
19,370	23,344	179,355	15,444	10,242	6,339
-	-	-	-	-	-
-	-	(1,777,046)	-	-	-
<u>19,370</u>	<u>23,344</u>	<u>(1,597,691)</u>	<u>15,444</u>	<u>10,242</u>	<u>6,339</u>
<u>5,991,744</u>	<u>5,758,806</u>	<u>3,896,866</u>	<u>5,543,027</u>	<u>5,214,542</u>	<u>5,014,732</u>
(558,458)	(174,729)	(1,385,570)	(2,473,889)	(1,108,949)	(1,442,307)
1,672,743	1,965,980	(213,923)	2,065,694	2,107,205	1,630,977
<u>\$ 1,114,285</u>	<u>\$ 1,791,251</u>	<u>\$ (1,599,493)</u>	<u>\$ (408,195)</u>	<u>\$ 998,256</u>	<u>\$ 188,670</u>

City of Alpena

Fund Balances of Governmental Funds
(modified accrual basis of accounting)

For the Last Ten Years June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Fund:				
Nonspendable	\$ 120,875	\$ 128,400	\$ 120,363	\$ 56,790
Restricted	184,689	10,000	10,000	10,000
Committed	182,297	156,214	127,707	158,042
Unassigned	<u>4,424,644</u>	<u>4,640,891</u>	<u>4,170,767</u>	<u>3,684,718</u>
Total General Fund	<u>4,912,505</u>	<u>4,935,505</u>	<u>4,428,837</u>	<u>3,909,550</u>
All other governmental funds:				
Nonspendable-permanent fund	1,165,427	1,159,656	1,008,091	996,068
Nonspendable-special revenue funds	35,857	43,159	54,059	6,691
Restricted-special revenue funds	2,868,893	2,026,544	1,943,838	1,531,107
Restricted-debt service	1,194	1,899	10,798	10,784
Restricted - permanent fund	42,407	-	-	3,233
Committed-permanent fund	-	65,347	-	-
Committed-capital projects	486,628	445,865	410,903	401,286
Committed-special revenue funds	-	144,565	103,039	179,320
Assigned-special revenue funds	67,516	21,852	-	-
Unassigned-permanent fund	-	(65,346)	-	-
Unassigned-special revenue funds	<u>(49,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>4,618,425</u>	<u>3,843,541</u>	<u>3,530,728</u>	<u>3,128,489</u>
Total governmental funds	<u><u>\$ 9,530,930</u></u>	<u><u>\$ 8,779,046</u></u>	<u><u>\$ 7,959,565</u></u>	<u><u>\$ 7,038,039</u></u>

Table 3

2020	2019	2018	2017	2016	2015
\$ 46,358	\$ 50,276	\$ -	\$ -	\$ -	\$ -
10,000	-	-	-	-	-
144,914	141,259	127,604	147,093	172,270	216,330
3,131,381	2,554,668	2,395,083	2,615,457	3,043,593	2,715,810
<u>3,332,653</u>	<u>2,746,203</u>	<u>2,522,687</u>	<u>2,762,550</u>	<u>3,215,863</u>	<u>2,932,140</u>
984,274	971,263	950,282	933,179	918,495	910,113
4,443	5,015	-	-	-	-
1,006,668	1,207,799	1,431,788	894,144	1,309,190	1,264,876
12,192	13,511	14,235	14,855	15,597	18,641
161	1,362	-	-	-	-
-	-	-	-	-	-
386,522	369,127	354,420	519,489	595,675	825,996
183,455	169,417	156,697	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,577,715</u>	<u>2,737,494</u>	<u>2,907,422</u>	<u>2,361,667</u>	<u>2,838,957</u>	<u>3,019,626</u>
<u>\$ 5,910,368</u>	<u>\$ 5,483,697</u>	<u>\$ 5,430,109</u>	<u>\$ 5,124,217</u>	<u>\$ 6,054,820</u>	<u>\$ 5,951,766</u>

City of Alpena

Changes in Fund Balances, Governmental Funds
(modified accrual basis of accounting)

For the Last Ten Years June 30,

	2024	2023	2022	2021
Revenues				
Property taxes	\$ 4,813,363	\$ 4,444,614	\$ 4,203,587	\$ 3,858,960
Special assessment revenue	1,214	2,038	1,175	-
Licenses and permits	56,992	55,947	48,711	299,745
State revenue	4,232,915	4,140,800	4,123,094	3,722,010
Federal revenue	7,023	503,682	31,067	143,239
Local grant revenue	1,131,040	1,211,366	1,120,723	967,170
Charges for services	3,190,625	2,949,063	3,030,894	2,858,157
Investment income and rents	1,058,150	841,020	210,261	97,542
Fines and forfeitures	25,337	26,905	21,361	13,127
Other	356,479	139,377	164,638	141,058
Total revenues	14,873,138	14,314,812	12,955,511	12,101,008
Expenditures				
Current:				
General government	2,755,063	2,593,973	2,447,795	1,862,793
Public safety	5,960,306	6,288,074	5,534,580	5,598,592
Public works	3,385,594	4,023,652	3,151,305	2,001,187
Health and welfare	22,500	20,000	-	-
Community and economic development	316,245	171,230	141,076	-
Recreation and culture	645,900	544,187	529,816	1,463,682
Capital outlay	-	29,995	-	-
Debt service:				
Principal retirement	149,146	96,820	85,000	85,000
Interest and fees	40,716	27,322	27,458	29,263
Total expenditures	13,275,470	13,795,253	11,917,030	11,040,517
Excess (Deficiency) of Revenues Over Expenditures	1,597,668	519,559	1,038,481	1,060,491
Other Financing Sources (Uses)				
Bond and loan proceeds	-	-	-	-
Proceeds from sale of capital assets	92,784	123,874	-	-
Proceeds from lease issuance	-	236,801	-	-
Transfers from other funds	531,210	505,157	725,928	461,851
Transfers to other funds	(1,469,778)	(565,910)	(842,883)	(536,603)
Total other financing sources (uses)	(845,784)	299,922	(116,955)	(74,752)
Net Change in Fund Balances	\$ 751,884	\$ 819,481	\$ 921,526	\$ 985,739
Debt service as a percentage of noncapital expenditures				
	1.50%	1.04%	0.99%	1.06%
Debt service expenditures	189,862	124,142	112,458	114,263
Total expenditures	13,275,470	13,795,253	11,917,030	11,040,517
Capital Outlay (Reconciliation)	(604,106)	(1,844,756)	(587,252)	(272,695)
	12,671,364	11,950,497	11,329,778	10,767,822

Source: City of Alpena's annual financial statements.

Table 4

2020	2019	2018	2017	2016	2015
\$ 3,767,356	\$ 3,747,988	\$ 3,720,159	\$ 3,725,689	\$ 3,915,140	\$ 3,809,318
-	-	-	-	-	-
644,932	276,173	263,315	235,823	168,531	147,919
3,547,336	4,227,469	3,557,495	3,003,534	2,712,098	2,183,325
81,275	332,350	229,977	807,701	495,317	2,825
1,132,578	859,882	852,771	856,464	1,068,302	1,014,261
2,755,055	2,736,409	2,628,470	2,623,058	2,668,974	2,551,843
207,760	163,745	120,414	237,685	282,313	264,180
18,045	17,716	22,151	20,748	20,755	24,272
139,042	212,963	492,187	144,863	181,835	627,213
<u>12,293,379</u>	<u>12,574,695</u>	<u>11,886,939</u>	<u>11,655,565</u>	<u>11,513,265</u>	<u>10,625,156</u>
1,974,681	2,017,135	2,291,002	2,854,048	2,474,655	2,017,603
6,303,958	5,816,464	5,812,048	5,965,724	5,815,908	5,454,878
2,791,599	3,756,297	2,297,586	2,688,806	2,093,688	2,342,653
-	-	-	-	-	-
-	-	-	-	-	-
608,094	734,367	1,179,900	877,618	750,763	548,908
-	-	-	-	-	-
90,000	90,000	90,000	95,000	179,923	121,582
30,872	32,581	33,798	34,972	43,874	42,784
<u>11,799,204</u>	<u>12,446,844</u>	<u>11,704,334</u>	<u>12,516,168</u>	<u>11,358,811</u>	<u>10,528,408</u>
<u>494,175</u>	<u>127,851</u>	<u>182,605</u>	<u>(860,603)</u>	<u>154,454</u>	<u>96,748</u>
-	-	-	-	13,600	-
-	-	-	-	-	-
-	-	-	-	-	-
724,470	415,951	538,079	534,097	480,000	312,254
(791,974)	(490,214)	(610,179)	(604,097)	(545,000)	(362,254)
<u>(67,504)</u>	<u>(74,263)</u>	<u>(72,100)</u>	<u>(70,000)</u>	<u>(51,400)</u>	<u>(50,000)</u>
<u>\$ 426,671</u>	<u>\$ 53,588</u>	<u>\$ 110,505</u>	<u>\$ (930,603)</u>	<u>\$ 103,054</u>	<u>\$ 46,748</u>
<u>1.15%</u>	<u>1.23%</u>	<u>1.24%</u>	<u>1.23%</u>	<u>2.34%</u>	<u>1.81%</u>
<u>120,872</u>	<u>122,581</u>	<u>123,798</u>	<u>129,972</u>	<u>223,797</u>	<u>164,366</u>
11,799,204	12,446,844	11,704,334	12,516,168	11,358,811	10,528,408
(1,322,417)	(2,520,730)	(1,730,395)	(1,920,693)	(1,793,165)	(1,460,977)
<u>10,476,787</u>	<u>9,926,114</u>	<u>9,973,939</u>	<u>10,595,475</u>	<u>9,565,646</u>	<u>9,067,431</u>

City of Alpena

Assessed and Estimated Actual Value of Taxable Property (1)

Last Ten Fiscal Years Ended June 30

Fiscal Year Ended	Tax Year Roll	Real Property		Personal Property		Total
		Taxable Value	Estimated True Cash Value	Taxable Value	Estimated True Cash Value	Taxable Value
06/30/15	2014	201,389,451	410,242,000	44,655,300	89,330,600	246,044,751
06/30/16	2015	204,757,450	422,850,000	49,834,600	99,669,200	254,592,050
06/30/17	2016	205,853,419	430,580,600	30,081,000	60,162,000	235,934,419
06/30/18	2017	209,249,826	449,021,400	28,542,800	57,085,600	237,792,626
06/30/19	2018	213,143,284	454,441,600	26,630,000	53,260,000	239,773,284
06/30/20	2019	219,681,787	481,155,800	23,533,800	47,007,000	243,215,587
06/30/21	2020	222,448,288	508,212,100	27,863,800	55,727,600	250,312,088
06/30/22	2021	230,562,366	461,124,732	23,578,400	47,156,800	254,140,766
06/30/23	2022	242,961,703	485,923,406	26,810,500	53,621,000	269,772,203
06/30/24	2023	258,798,436	517,596,872	28,676,500	57,353,000	287,474,936

(1) Includes industrial and commercial facilities tax and renaissance zones.

Source: City Assessor's office

Property Tax Levies and Collections

Last Ten Fiscal Years Ended June 30

Fiscal Year Ended	Tax Year Roll	Original Tax Levy	Adjustments	Adjusted Levy	Collected within the Fiscal Year of the Levy	
					Amount	Percentage of Levy
06/30/15	2014	3,854,962	80	3,855,042	3,852,086	99.93%
06/30/16	2015	3,987,687	(32,645)	3,955,042	3,946,172	98.96%
06/30/17	2016	3,770,926	(528)	3,770,398	3,681,232	97.62%
06/30/18	2017	3,756,084	-	3,756,084	3,679,858	97.97%
06/30/19	2018	3,804,924	(1,349)	3,803,575	3,738,972	98.27%
06/30/20	2019	3,833,450	1,654	3,835,104	3,766,295	98.25%
06/30/21	2020	3,947,836	(1,340)	3,946,496	3,866,016	97.93%
06/30/22	2021	3,996,160	(1,340)	3,994,820	3,981,996	99.65%
06/30/23	2022	4,249,691	-	4,249,691	4,219,553	99.29%
06/30/24	2023	4,537,037	-	4,537,037	4,534,011	99.93%

Source: City Clerk/Treasurer/Finance Director's office from recap sheet

Table 5

Estimated True Cash Value	Taxable Value To Estimated Actual Value	Total Direct Tax Rate
499,572,600	49.25%	16.8816
522,519,200	48.72%	16.8816
490,742,600	48.08%	16.8816
506,107,000	46.98%	16.7516
507,701,600	47.23%	16.7516
528,162,800	46.05%	16.7516
563,939,700	44.39%	17.1066
508,281,532	50.00%	17.1066
539,544,406	50.00%	17.0330
574,949,872	50.00%	16.9736

Table 6

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
2,956	3,855,042	100.00%
8,870	3,955,042	100.00%
89,166	3,770,398	100.00%
76,177	3,756,035	100.00%
322	3,739,294	98.31%
1,935	3,768,230	98.26%
8,710	3,874,726	98.18%
1,839	3,983,835	99.73%
1,052	4,220,605	99.32%
-	4,534,011	99.93%

City of Alpena

Direct and Overlapping Property Tax Millage Rates (1)
(per \$1,000 of assessed value)

Last Ten Fiscal Years Ended June 30

<u>Fiscal Year Ended</u>	<u>Tax Year Roll</u>	<u>General Fund</u>	<u>Dial-a-Ride Fund</u>	<u>Debt Service</u>	<u>Total City Tax Rate</u>	<u>Alpena Public Schools</u>
06/30/15	2014 (A)	16.2316	0.6500	-	16.8816	1.8000
06/30/15	2014 (B)	16.2316	0.6500	-	16.8816	19.8000
06/30/16	2015 (A)	16.2316	0.6500	-	16.8816	1.8000
06/30/16	2015 (B)	16.2316	0.6500	-	16.8816	19.8000
06/30/17	2016 (A)	16.2316	0.6500	-	16.8816	1.8000
06/30/17	2016 (B)	16.2316	0.6500	-	16.8816	19.8000
06/30/18	2017 (A)	16.1066	0.6450	-	16.7516	1.8000
06/30/18	2017 (B)	16.1066	0.6450	-	16.7516	19.8000
06/30/19	2018 (A)	16.1066	0.6450	-	16.7516	1.8000
06/30/19	2018 (B)	16.1066	0.6450	-	16.7516	19.8000
06/30/20	2019 (A)	16.1066	0.6450	-	16.7516	1.8000
06/30/20	2019 (B)	16.1066	0.6450	-	16.7516	19.8000
06/30/21	2020 (A)	16.1066	1.0000	-	17.1066	1.8000
06/30/21	2020 (B)	16.1066	1.0000	-	17.1066	19.8000
06/30/22	2021 (A)	16.1066	1.0000	-	17.1066	1.8000
06/30/22	2021 (B)	16.1066	1.0000	-	17.1066	19.7838
06/30/23	2022 (A)	16.0373	0.9957	-	17.0330	1.8000
06/30/23	2022 (B)	16.0373	0.9957	-	17.0330	19.5769
06/30/24	2023 (A)	15.9779	0.9957	-	16.9736	1.8000
06/30/24	2023 (B)	15.9779	0.9957	-	16.9736	19.5769

(1) In addition, the Downtown Development Authority No. 5 levies 1.99 mills in the Downtown District.

(A) Homestead Property

(B) Non-Homestead Property

Source: City Treasurer

Table 7

Alpena Community College	Educational Service District	Alpena County	State Education Tax	Total Millage Rate
2.5000	2.1882	8.9474	6.0000	38.3172
2.5000	2.1882	8.9474	6.0000	56.3172
2.5000	2.1882	8.9474	6.0000	38.3172
2.5000	2.1882	8.9474	6.0000	56.3172
2.5000	2.1882	7.9474	6.0000	37.3172
2.5000	2.1882	7.9474	6.0000	55.3172
2.5000	2.1882	7.9474	6.0000	37.1872
2.5000	2.1882	7.9474	6.0000	55.1872
2.5000	2.1882	9.0324	6.0000	38.2722
2.5000	2.1882	9.0324	6.0000	56.2722
2.5000	2.1882	9.0324	6.0000	38.2722
2.5000	2.1882	9.0324	6.0000	56.2722
2.5000	2.1882	9.5604	6.0000	39.1552
2.5000	2.1882	9.5604	6.0000	57.1552
2.4957	2.1832	9.5467	6.0000	39.1322
2.4957	2.1832	9.5467	6.0000	57.1160
2.4806	2.1726	9.5187	6.0000	39.0049
2.4806	2.1726	9.5187	6.0000	56.7818
2.4806	2.1726	9.5187	6.0000	38.9455
2.4806	2.1726	9.5187	6.0000	56.7224

City of Alpena

Principal Taxpayers - Top Ten

Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>
LafargeHolcim	Cement production
Alpena Power Company	Electric power utility
Northland Area Federal Credit Union	Financial Institution
Caterpillar Financial Services	Financial services
Dynafab Inc.	Industrial products
Decorative Panels International	Hardboard manufacturing
Besser Company	Concrete block making machines
Macaulay Alpena Properties LLC	Senior assisted living facility
DTE Gas Company	Utility Company
Alpena Wholesale Grocery	Wholesale groceries
Panel Processing, Inc.	Hardboard processing plant
ATI Casting Services, LLC	Machine shop and foundry
Alpena Marc, LLC	Commercial rental
Alpena Hotel, LLC	Motel and restaurant
Ten largest taxpayers	
Other taxpayers	

(1) Percentages are based on the Ad Valorem and Special Act rolls.

Source: City Assessor's office.

Table 8

June 30, 2024			June 30, 2015		
Total Taxable Value	Rank	Percentage of Total Taxable Value	Total Taxable Value	Rank	Percentage of Total Taxable Value
\$ 16,110,289	1	5.60%	\$ 36,636,697	1	14.89%
7,565,000	2	2.63%	6,229,167	2	2.53%
4,366,400	3	1.52%	-	-	-
3,482,700	4	1.21%	-	-	-
2,875,000	5	1.00%	1,880,100	7	0.76%
2,639,130	6	0.92%	5,301,800	3	2.15%
2,359,026	7	0.82%	4,131,659	4	1.68%
1,826,401	8	0.64%	-	-	-
1,430,100	9	0.50%	-	-	-
1,360,508	10	0.47%	1,716,600	10	0.70%
-	-	-	2,686,486	5	1.09%
-	-	-	2,531,300	6	1.03%
-	-	-	1,732,189	9	0.70%
-	-	-	1,763,697	8	0.72%
44,014,554		15.31%	64,609,695		26.25%
243,460,382		84.69%	181,435,056		73.75%
<u>\$ 287,474,936</u>		<u>100.00%</u>	<u>\$ 246,044,751</u>		<u>100.00%</u>

City of Alpena

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years Ended June 30

Fiscal Year Ended	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Land Purchase Loans	Installment Purchase Obligations	Leases	General Obligation Bonds	Revenue Bonds
06/30/15	\$ 1,540,000	\$ 7,043	\$ 53,090	\$ -	\$ 750,000	\$ 1,110,000
06/30/16	1,395,000	-	38,810	-	700,000	820,000
06/30/17	1,300,000	-	9,700	-	650,000	540,000
06/30/18	1,210,000	-	5,800	-	600,000	265,000
06/30/19	1,120,000	-	8,785	-	550,000	-
06/30/20	1,030,000	-	8,691	-	500,000	-
06/30/21	945,000	-	3,725	-	450,000	-
06/30/22	860,000	-	1,936	-	400,000	-
06/30/23	775,000	-	-	353,660	350,000	-
06/30/24	670,000	-	-	403,603	300,000	-

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years Ended June 30

Fiscal Year Ended	Governmental Activities				Business-type Activities	
	Unlimited Tax Refunding	Building Authority	Other Debt	Amounts Available in Debt Service Funds	General Obligation Bonds	Total Primary Government
06/30/15	\$ -	\$ 1,540,000	\$ 7,043	\$ (18,641)	\$ 750,000	\$ 2,278,402
06/30/16	-	1,395,000	-	(15,597)	700,000	2,079,403
06/30/17	-	1,300,000	-	(14,855)	650,000	1,935,145
06/30/18	-	1,210,000	-	(14,235)	600,000	1,795,765
06/30/19	-	1,120,000	-	(13,511)	550,000	1,656,489
06/30/20	-	1,030,000	-	(12,192)	500,000	1,517,808
06/30/21	-	945,000	-	(10,784)	450,000	1,384,216
06/30/22	-	860,000	-	(10,798)	400,000	1,249,202
06/30/23	-	775,000	-	(1,899)	350,000	1,123,101
06/30/24	-	670,000	-	(1,194)	300,000	968,806

(1) - Per Table 13

(2) - Per Table 5

Table 9

State of Michigan Revolving Fund	(1) Total Primary Government	Personal Income (In Thousands)	Percentage of Personal Income	(1) Population
\$ 4,908,819	\$ 8,368,952	\$ 205,975	4.06%	10,247
4,603,819	7,557,629	197,736	3.82%	10,175
4,298,819	6,798,519	207,380	3.28%	10,122
3,993,819	6,074,619	215,035	2.82%	9,997
3,683,819	5,362,604	214,304	2.50%	9,963
3,368,819	4,907,510	227,057	2.16%	9,956
3,048,819	4,447,544	239,078	1.86%	10,197
2,723,819	3,985,755	245,771	1.62%	10,155
2,398,819	3,877,479	313,952	1.24%	10,142
2,068,819	3,442,422	313,381	1.10%	10,130

Table 10

Taxable Value (2)	Percentage of Actual Taxable Value of Property	(1) Population	Per Capita
\$ 246,044,751	0.93%	10,247	\$ 222
254,592,050	0.82%	10,175	204
235,934,419	0.82%	10,122	191
237,792,626	0.76%	9,997	180
239,773,284	0.69%	9,963	166
243,215,587	0.62%	9,956	152
250,312,088	0.55%	10,197	136
254,140,766	0.49%	10,155	123
269,772,203	0.42%	10,142	111
287,474,936	0.34%	10,130	96

City of Alpena

Legal Debt Margin Information

Last Ten Fiscal Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt limit	\$ 28,747,494	\$ 26,977,220	\$ 25,414,077	\$ 25,031,209
Total net debt applicable to limit	<u>2,634,022</u>	<u>3,168,260</u>	<u>3,971,085</u>	<u>4,429,200</u>
Legal debt margin	<u>\$ 26,113,472</u>	<u>\$ 23,808,960</u>	<u>\$ 21,442,992</u>	<u>\$ 20,602,009</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>9.16%</u>	<u>11.74%</u>	<u>15.63%</u>	<u>17.69%</u>

Table 11

2020	2019	2018	2017	2016	2015
\$ 24,321,559	\$ 23,977,328	\$ 23,245,276	\$ 23,593,442	\$ 25,459,205	\$ 24,604,475
4,895,318	5,349,093	6,060,384	6,783,664	7,542,032	8,350,311
<u>\$ 19,426,241</u>	<u>\$ 18,628,235</u>	<u>\$ 17,184,892</u>	<u>\$ 16,809,778</u>	<u>\$ 17,917,173</u>	<u>\$ 16,254,164</u>
<u>20.13%</u>	<u>22.31%</u>	<u>26.07%</u>	<u>28.75%</u>	<u>29.62%</u>	<u>33.94%</u>

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2024

Total taxable assessed valuation	\$ 287,474,936
Charter debt limit - 10% of total taxable value	28,747,494
Total debt applicable to the limit	\$ 2,635,216
Less: amount available in debt funds	<u>1,194</u>
Total net debt applicable to limit	<u>2,634,022</u>
Legal debt margin	<u>\$ 26,113,472</u>

City of Alpena

Computation of Direct and Overlapping Governmental Activities Debt

June 30, 2024

Table 12

Jurisdiction	Debt Outstanding	(1) Percentage Applicable to City of Alpena	Amount Applicable to City of Alpena
Direct Debt			
City of Alpena			
Building Authority Bonds	\$ 670,000	100.00%	\$ 670,000
Leases	403,603	100.00%	403,603
			<u>1,073,603</u>
Overlapping Debt			
Alpena County	\$ 13,479,599	25.92%	3,493,912
Alpena Public Schools	36,355,000	22.44%	8,158,062
			<u>11,651,974</u>
 Total direct and overlapping debt			 <u><u>\$ 12,725,577</u></u>

(1) Percentage of overlapping debt applicable to the City of Alpena is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the City's boundaries and dividing it by overlapping government's total taxable assessed value.

Source: City Treasurer and Assessor's offices.

City of Alpena

Demographic and Economic Statistics

Last Ten Fiscal Years Ended June 30

Table 13

<u>Fiscal Year Ended</u>	<u>(1) Population</u>	<u>Personal Income (In Thousands)</u>	<u>(3) Per Capita Income</u>	<u>(4) Median Age</u>	<u>(5) Education Attainment High School or Above</u>	<u>(6) School Enrollment</u>	<u>(7) Unemployment Rate</u>
06/30/15	10,247	205,975 (2)	20,101	45.6	88.6%	1,443	6.1%
06/30/16	10,175	197,736 (2)	19,434	46.2	89.9%	1,476	5.5%
06/30/17	10,122	207,380 (2)	20,488	41.6	90.9%	1,474	5.6%
06/30/18	9,997	215,035 (2)	21,510	42.1	91.9%	1,406	4.1%
06/30/19	9,963	214,304 (8)	21,510	42.1	91.9%	1,390 *	3.3%
06/30/20	9,956	227,057 (8)	22,806	42.2	92.0%	1,253	6.4%
06/30/21	10,197	239,078 (8)	23,446	42.4	92.6%	1,138	4.7%
06/30/22	10,155	245,771 (8)	24,202	44.1	93.3%	1,191	4.2%
06/30/23	10,142	313,952 (8)	30,956	44.0	91.9%	1,269 *	4.0%
06/30/24	10,130	313,381 (8)	30,936	44.7	91.9%	1,253	4.5%

(1) (2) (3) (5) <https://www.census.gov/quickfacts/fact/table/alpenacitymichigan>

(4) American Community Survey 5-yr Estimate

(6) Alpena Public Schools - secondary enrollment.

(7) MILMI.org Michigan Labor Market Information-Alpena County. Not seasonally adjusted.

(8) Based on average income per person and population

* Based on an estimate

City of Alpena

Principal Employers

Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>
MyMichigan Medical Center	Hospital
Besser Company	Concrete block making machines
Northeast Michigan Community Mental Health	Multi-county authority
Holcim	Cement production
Alpena Public Schools	Education
Alpena Community College	Community college
Tendercare Michigan Inc.	Long term care facility
County of Alpena, Michigan	Local government
North Eastern Michigan Rehabilitation and Opportunity Center, Inc.	Manufacturing
City of Alpena	Local government
Decorative Panels, Intl.	Hardboard manufacturing
Devere Construction Company	Construction contractor
Largest employers	
Other employers	
Total employment	

Source: Direct phone call to companies

Source for total employment: datausa.io/profile/geo/alpena-county-mi
Most recent data is for 2022.

Table 14

June 30, 2024			June 30, 2015		
Employees	Rank	Percentage of County of Alpena Employment	Employees	Rank	Percentage of County of Alpena Employment
946	1	7.77%	980	1	7.30%
425	2	3.49%	156	9	1.16%
324	3	2.66%	476	3	3.55%
291	4	2.39%	192	6	1.43%
276	5	2.27%	500	2	3.72%
237	6	1.95%	277	4	2.06%
142	7	1.17%	196	5	1.46%
130	8	1.07%	187	7	1.39%
86	9	0.71%	-		-
78	10	0.64%	-		-
-		0.00%	182	8	1.36%
-		-	89	10	0.66%
2,935		24.11%	3,235		24.10%
9,239		75.89%	10,191		75.90%
12,174		100.00%	13,426		100.00%

City of Alpena

Full-Time Equivalent City Government Employees by Function

For the Last Ten Years June 30

<u>Function</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General government	16	16	14	18
Police protection				
Officers	16	16	17	17
Civilians	2	2	2	2
Fire protection				
Firefighters and officers	26	22	24	27
DPW	16	17	16	16
Total	76	73	73	80

Source: City Manager's Office

Operating Indicators by Function

For the Last Ten Years June 30

<u>Function</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Police protection				
Physical arrests	582	557	506	427
Traffic violations	489	372	524	529
Traffic violations - O.W.I.	53	66	54	29
Parking violations	616	457	657	775
Fire protection				
Calls answered (City EMS & Fire)	3,588	3,381	2,212	1,902
Inspections conducted	-	-	-	-
Client safety contacts	1,842	1,534	1,536	1,542
Ambulance runs	4,572	4,611	4,072	4,031
Sewage system				
Number of service connections	4,643	4,640	4,647	4,639
Average daily treatment-in gallons	2,657,000	2,660,000	2,660,000	2,477,000
Water system				
Number of service connections	4,652	4,649	4,649	4,640
Average daily treatment-in gallons	1,797,000	1,818,000	1,818,000	1,590,000

Sources: Various City departments

Note: Indicators are not available for the general government function.

Table 15

2020	2019	2018	2017	2016	2015
17	17	19	20	17	17
16	17	16	16	17	17
2	2	2	2	2	2
28	28	28	28	29	29
15	12	15	15	15	15
78	76	80	81	80	80

Table 16

2020	2019	2018	2017	2016	2015
474	688	541	613	605	592
584	488	633	625	566	574
40	41	50	39	55	30
1,011	879	1,276	1,179	1,485	1,184
1,400	1,420	1,987	1,309	1,227	1,076
225	616	182	200	200	200
-	-	-	-	-	-
4,420	4,602	5,020	4,926	5,183	5,213
4,643	4,639	4,574	4,659	4,798	4,798
3,490,000	3,500,000	2,980,000	2,000,000	2,895,082	2,914,166
4,646	4,640	4,578	4,665	4,798	4,798
2,140,000	1,690,000	1,536,000	1,530,000	2,020,000	2,169,166

City of Alpena

Capital Assets Statistics by Function

For the Last Ten Years June 30

<u>Function</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Public works				
Major streets (miles)	25.80	25.80	25.80	25.80
Local streets (miles)	44.18	44.18	44.18	44.04
Streetlights	1210	1210	1210	1210
Culture and recreation				
Community centers	1	1	1	1
Parks	16	16	16	16
Tennis courts	4	6	6	6
Volleyball courts	6	6	6	6
Marina	1	1	1	1
Playgrounds	4	4	4	4
Park shelter buildings	2	2	2	2
Ballfields	7	7	7	7
Horseshoe courts	0	5	5	5
Beaches	4	4	4	4
Boat Launches	3	3	3	3
Nature preserve	1	1	1	1
Civic Theatre	1	1	1	1
Skateboard parks	1	1	1	1
Bi-Path (miles)	18.53	18.53	18.53	18.53
Fish cleaning stations	1	1	1	1
Public restrooms	2	2	2	2
Public squares	1	1	1	1
DDA parks	2	2	2	2
Fire stations	1	1	1	1
Police protection				
Stations	1	1	1	1
Marked patrol units	7	8	8	8
Unmarked patrol units	2	3	2	1
Sewage system				
Sanitary sewers (miles)	82.74	82.60	82.60	82.60
Storm sewers (miles)	35.90	35.90	35.90	35.90
Treatment capacity (gallons)	15,200,000	15,200,000	15,200,000	15,200,000
Water				
Water mains (miles)	81.46	81.32	81.32	81.32
Fire hydrants	612	610	610	610
Treatment capacity (gallons)	6,000,000	6,000,000	6,000,000	6,000,000

Sources: Various City of Alpena departments

Table 17

2020	2019	2018	2017	2016	2015
25.80	25.80	25.80	25.80	25.80	25.80
44.04	44.04	44.04	44.04	44.04	44.04
1210	1210	1210	1210	1210	1210
1	1	1	1	1	1
16	16	16	16	16	16
6	6	6	6	6	6
6	6	6	6	6	6
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
7	7	7	7	7	7
5	5	5	5	5	5
4	4	4	4	4	4
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
18.53	18.53	18.53	18.53	18.53	18.53
1	1	1	1	1	1
2	3	3	3	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
8	8	8	7	6	6
2	4	4	3	7	3
82.60	82.60	82.60	82.60	82.60	82.60
35.90	35.90	35.90	35.90	35.90	35.90
15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000
81.32	81.32	81.32	81.31	81.31	81.31
610	610	610	610	610	610
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

City of Alpena

Miscellaneous Statistics

June 30, 2024

Table 18

Date of Incorporation: 1871
Form of Government: Council/Manager
Area in square miles: 8.8

Facilities and Services Not Included in the Reporting Entity

Education

Number of Elementary Schools

School District: 6

City: 3

Number of Elementary School Instructors

School District: 96

City: 64

Number of Secondary Schools

School District: 3

City: 2

Number of Secondary School Instructors

School District: 111

City: 62

Number of Community Colleges: 1

Number of Universities: 0

Hospitals

Number of Hospitals: 1

Number of Patient Beds: 139

Source: Various City of Alpena Departments

Communication with Those Charged with Governance at the Conclusion of the Audit

To the Honorable Mayor and Members of the City Council
City of Alpena, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alpena, Michigan (the City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters dated October 7, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies used by the City were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the City 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 the City's financial statements were:

- Management's estimate of the depreciation expense is based on management's assumptions about the useful lives of its capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole;
- Management's estimate of the allowance for doubtful accounts for ambulance services is based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole;
- Management's estimate of its pension liability, OPEB liability, related deferred inflows of resources and related 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 amount that will be received regarding the sewerage and water litigation with the Charter Township of Alpena.

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

- The disclosure of Pension and OPEB information in Notes 15 and 16, respectively, to the financial statements because of assumptions used in the calculations of these liabilities;
- The disclosure of contingencies and claims in Note 19 to the financial statements, which discusses the ongoing litigation regarding the sewage and water rates with the Charter Township of Alpena.

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. Adjustments identified during the audit have been approved by management and recorded in the audited financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 December 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City'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 City'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 other required supplementary information, as identified in the table of contents, which is 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 other supplemental information, as identified in the table of contents, which accompany the financial statements but are not RSI. With respect to the 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 States 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Recent Pronouncements.

The Governmental Accounting Standards Board and Michigan Department of Treasury, in its continuing process of updating the accounting principles that all governments must adhere to. Upcoming GASB statements can be found in Note 22 to the financial statements.

Restriction on Use

This information is intended solely for the information and use of the City of Alpena, Michigan's City Council and management of the City of Alpena 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 the City of Alpena for their assistance during the audit.

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

Very truly yours,

Straley Kamp & Kraenzlein P.C.

December 27, 2024

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 Honorable Mayor and Members of the City Council
Alpena, Michigan

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alpena, Michigan (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

City of Alpena's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Straley Kamp & Kraenzlein P.C.

December 27, 2024

City of Alpena

Schedule of Findings

Year Ended June 30, 2024

Finding Number 2024-001 – Internal Control over Noncompliance with Laws and Regulations – Unfavorable Budget Variances

Criteria: The Uniform Budgeting and Accounting Act, P.A. 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Act also requires the City to amend the original adopted budget “as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined.”

Condition: There are instances the City incurred expenditures in excess of the amounts appropriated.

Cause: The City adopted and amended the budgets timely and in accordance with state law, however, there were instances actual expenditures exceeded the final appropriated budget.

Effect: As a result, the City was not in compliance with the Uniform Budgeting and Accounting Act, P.A. 2 of 1968, as amended, (MCL 141.421 et seq.).

Recommendation: It is noteworthy that, although out of compliance with the Uniform Budgeting and Accounting Act, this does not appear to be a systematic issue within the budgeting process for the City. We recommend the City closely monitor the budget to ensure that all necessary budget amendments are completed prior to incurring expenditures.

Management’s Response and Corrective Action Plan: The City will continue to monitor the budget and make necessary and timely budget amendments.