

County of Alpena

Audit Presentation for the Year Ended December 31, 2024

Presented By: Chelsea McConnell, CPA

August 12, 2025

**Straley Lamp &
Kraenzlein P.C.**


Certified Public Accountants

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Discussion Overview

- Opinions on Audited Financial Statements
- Significant Risks
- Required Communications
- Internal Control
- Analytics

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Audited Financial Statements

- Unmodified (“clean”) Opinion as of December 31, 2024
 - Audit conducted in accordance with **auditing standards generally accepted in the United States of America** and *Government Auditing Standards*
- Independence
- Materiality
- Required Supplementary Information
 - No opinion due to limited procedures, however limited procedures were applied
- Other Supplementary Information
 - Fairly stated (materially) in relation to the basic financial statements as a whole, No opinion

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Significant Risks

- Management override of controls
 - AU-C 240.31 presumes the risk of management override of controls is a fraud risk and present on all engagements
- Revenue recognition
 - AU-C 240.26 presumes that fraud risks of fraud exist in revenue recognition

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Required Communications

- New policies
 - GASB Statement No. 101, *Compensated Absences*
- Significant estimates
- Difficulties in performing the audit
 - None

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Required Communications

- Proposed audit adjustments
 - There were 85 proposed adjustments, which were material to the financial statements
 - There were audit adjustments proposed to management and those adjustments were reviewed and approved by management and reflected within the financial statements
- Uncorrected adjustments
 - Immaterial, nothing significant
- Disagreements with management
 - None

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Required Communications

- Management's representation
 - Obtained
- Consultations with other auditors
 - None
- Other Internal Control Matter
 - Did not rise to the level of a significant deficiency or material weakness, however, deemed significant enough to communicate in writing to the Board and Management
 - Oversight over accounts payable and expenditures/expenses
- Other Matters
 - Recent pronouncements
 - Nothing major at this time

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Internal Control

- Not bound within report titled *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*
- This communication is required under *Government Auditing Standards*,
- No opinion is expressed on the system of internal controls
 - Considered for designing and planning the audit
- Material Weakness (3), Significant Deficiency (0), Compliance (1)

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Analytics

Statement of Net Position – Governmental Activities

	2024	2023	Change
Current and other assets	\$ 31,114,384	\$ 30,775,684	\$ 338,700
Capital assets, net	92,719,285	71,899,980	20,819,305
Total assets	123,833,669	102,675,664	21,158,005
Deferred outflows of resources	1,212,900	2,295,314	(1,082,414)
Current liabilities	6,708,882	8,299,002	(1,590,120)
Noncurrent liabilities	25,625,751	25,223,662	402,089
Total liabilities	32,334,633	33,522,664	(1,188,031)
Deferred inflows of resources	8,801,892	10,340,386	(1,538,494)
Net position:			
Net investment in capital assets	77,792,204	56,296,253	21,495,951
Restricted	4,785,055	4,269,559	515,496
Unrestricted	1,332,785	542,116	790,669
	\$ 83,910,044	\$ 61,107,928	\$ 22,802,116

- There was a significant increase in assets (\$21.2 million) due to and increase in capital assets, which was primarily a result of the new runway rehabilitation project at the airport
- Liabilities decreased about \$1.2 million, primarily due to a decrease in current liabilities. The decrease was primarily due to the decrease in unearned revenue from the ARPA grant funding, the remaining of which was utilized in 2024
- Net position increased about \$22.8 million, with the investment in capital assets increasing due to the airport runway, and unrestricted net position experienced an increase of about \$791k

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Analytics

Statement of Revenue, Expenses and Changes in Net Position – Governmental Activities

	2024	2023	Change
Revenues:			
Program revenues:			
Charges for services	\$ 7,191,401	\$ 5,620,719	\$ 1,570,682
Operating grants	5,122,054	5,919,537	(797,483)
Capital grants	21,998,392	32,798,942	(10,800,550)
General revenues:			
Property taxes	10,112,981	9,429,188	683,793
Unrestricted state revenue	1,278,563	1,292,335	(13,772)
Investment earnings	480,279	209,777	270,502
Total revenues	46,183,670	55,270,498	(9,086,828)
Expenses:			
General government	4,789,979	5,486,669	(696,690)
Judicial	3,459,705	3,343,550	116,155
Public safety	6,827,105	6,680,654	146,451
Public works	2,213,630	1,930,960	282,670
Health and welfare	3,638,396	3,523,349	115,047
Economic development	839,576	785,689	53,887
Recreation and culture	1,263,905	1,307,808	(43,903)
Interest on long-term debt	500,331	519,323	(18,992)
Total expenses	23,532,627	23,578,002	(45,375)
Over (under)	22,651,043	31,692,496	(9,041,453)
Other financing sources (uses):			
Transfers	323,552	163,208	160,344
Change in net position	22,974,595	31,855,704	(8,881,109)

- The decrease in revenue of about \$9.1 million is the result of the decrease in operating/capital grants and contributions of \$11.6 million; this decrease is mainly due to a decrease in capital grants pertaining to the airport runway rehabilitation project
- Expenses remained very consistent to the prior year, decreasing about \$45k (0.2%)
- Overall, the change in net position of governmental activities increased about \$324k over 2023

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Analytics Governmental Fund Statements

	General	Ambulance	Housing Commission	ARPA	Airport Runway Rehabilitation	Nonmajor Governmental	Governmental Funds
Total Assets	\$ 4,873,239	\$ 3,451,883	\$ 2,302,944	\$ -	\$ 7,276,631	\$ 12,748,310	\$ 30,653,007
Total Liabilities/Deferred Inflows	(590,025)	(1,775,257)	(2,302,944)	-	(9,602,743)	(6,486,794)	(20,757,763)
Total Net Position	\$ 4,283,214	\$ 1,676,626	\$ -	\$ -	\$ (2,326,112)	\$ 6,261,516	\$ 9,895,244
Total Revenues	\$ 10,688,504	\$ 1,735,336	\$ 181,991	\$ 1,579,365	\$ 24,752,542	\$ 8,610,791	\$ 47,548,529
Total Expenditures	(11,804,700)	(1,363,940)	(249,560)	(132,581)	(22,070,717)	(9,478,102)	(45,099,600)
Other financing sources (uses)	1,594,432	(150,500)	32,113	(1,458,275)	47,895	665,791	731,456
Change in Fund Balance	478,236	220,896	(35,456)	(11,491)	2,729,720	(201,520)	3,180,385
Fund Balances, beginning of year	3,804,978	1,455,730	35,456	11,491	(5,055,832)	6,463,036	6,714,859
Fund Balances, end of the year	\$ 4,283,214	\$ 1,676,626	\$ -	\$ -	\$ (2,326,112)	\$ 6,261,516	\$ 9,895,244
Fund Balances vs Expenditures	36.28%	122.93%	0.00%	0.00%	-10.54%	66.06%	21.94%

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Analytics Governmental Fund Statements

- The General Fund ended fiscal year 2024 with a fund balance of \$4.3 million, an increase of \$478k from 2023
- Of this, there were funds committed for various purposes of \$496,650 (12%). Committed funds consist of amounts constrained to a specific purpose by the government itself.
- The remaining \$3,786,564 (88%) constitutes as unassigned fund balance, which includes all spendable amounts not constrained for any particular purpose.
- Note 16 includes the detail for all governmental fund balances.
- The Government Finance Officer's Association recommends a minimum of two months of regular General Fund operating revenues or expenditures in unassigned fund balance.
- As of December 31, 2024, the County has 108 days of expenditures in unassigned fund balance, meeting the minimum GFOA recommendation and increasing 9 days from 2023



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Pension Benefits

What is it?

- The County participates in the Municipal Employees Retirement System (MERS)
- MERS is an agent multiple-employer, statewide public employee pension plan established under Public Act 135 of 1945
- MERS is the plan fiduciary for the County
- Approximately 1,040 participating municipalities

Statement of Net Position

- Some of the largest numbers on the statement pertain to pension
- Pension, net is approximately \$10.2 million, a slight increase from 2023's net pension of \$9.8 million
- This is a significant estimate and is based on a number of factors, including the actuarial valuation and assumptions, long-term expected return on plan assets, discount rates, inflation, mortality rates, etc.
- Continue to make actuarially determined contributions

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Thank you



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