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by Sidney Davy Miller



Miller, Canfield, Paddock and Stone, P.L.C.

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\$9,125,000
CITY OF ISHPEMING
COUNTY OF MARQUETTE, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

CLOSING DATE: October 19, 2021

Participants:

CITY:	City of Ishpeming
BOND COUNSEL:	Miller, Canfield, Paddock and Stone, P.L.C.
UNDERWRITER:	Stifel, Nicolaus & Company, Incorporated
UNDERWRITER'S COUNSEL:	Dickinson Wright PLLC
FINANCIAL ADVISOR:	PFM Financial Advisors LLC
TRANSFER AGENT:	U.S. Bank National Association
INSURER:	Assured Guaranty Municipal Corp.

Documents to be Delivered:

1. Resolution Approving Comprehensive Financial Plan and Authorizing Notice of Intent.
2. Affidavit of Publication of the Notice of Intent.
3. No Referendum Certificate.
4. Bond Authorizing Resolution.
5. Letter of Approval from the Michigan Department of Treasury.
6. Bond Purchase Agreement.
7. Order Approving Sale.
8. Preliminary Official Statement.
9. Official Statement.
10. Continuing Disclosure Undertaking.

11. Non-Litigation and Signature-Identification Certificate.
12. Certificate of an Authorized Official of the City required pursuant to the Bond Purchase Agreement.
13. Cross Receipt.
14. Approving Opinion of Bond Counsel.
15. Reliance Letter.
16. Supplemental Opinion of Bond Counsel.
17. Opinion of Underwriter's Counsel.
18. Specimen Bonds.
19. CUSIP Numbers.
20. Rating Agency Letters.
21. Closing Letter.
22. Final Numbers.
23. Security Report and Confirmation of filing with Michigan Department of Treasury.
24. Insurance Policy and Related Documents.

RESOLUTION 6-2021
RESOLUTION APPROVING COMPREHENSIVE FINANCIAL PLAN
AND AUTHORIZING NOTICE OF INTENT
(PENSION BONDS)

CITY OF ISHPEMING
County of Marquette, State of Michigan

Minutes of a special meeting of the City Council of the City of Ishpeming, County of Marquette, State of Michigan, held on Tuesday, May 18, 2021, at 7:00 p.m., prevailing Eastern Time.

PRESENT: Mayor Lindsay Bean, Councilmembers Elizabeth Firby, Pat Scanlon,
Stuart Skauge (4)

ABSENT: Members Councilmember Jason Chapman (1)

The following preamble and resolution were offered by Council Member Pat Scanlon
and supported by Council Member Stuart Skauge:

WHEREAS, Section 518 of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") authorizes a city to issue bonds to pay all or part of the costs of the unfunded pension liability for certain defined benefit retirement programs of the city; and

WHEREAS, the City of Ishpeming, County of Marquette, State of Michigan (the "City") intends to issue limited tax general obligation bonds pursuant to Section 518 of Act 34, in one or more series, in an aggregate principal amount not to exceed Twelve Million Dollars (\$12,000,000) (the "Bonds") for the purpose of paying part of the costs of the unfunded pension liability for the City's Municipal Employees Retirement System defined benefit pension plan for general government employees; and

WHEREAS, the City has prepared a Comprehensive Financial Plan for Pension and Other-Post Employment Benefits (the "Comprehensive Financial Plan") in accordance with Section 518 of Act 34; and

WHEREAS, a notice of intent to issue the Bonds must be published before the issuance of the Bonds in order to comply with the requirements of Sections 518 and 517 of Act 34.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Comprehensive Financial Plan in the form presented to the City Council is hereby approved. The City Clerk is authorized and directed to post the Comprehensive Financial Plan on the City's website and at the office of the City Clerk to be available to the public as soon as practicable after adoption of this resolution, in accordance with Section 518 of Act 34.

2. The City Clerk is hereby authorized and directed to publish a notice of intent to issue bonds in a newspaper of general circulation in the City; provided, that such notice of intent shall not be published prior to the posting of the Comprehensive Financial Plan as provided in Section 1 of this resolution.

3. The notice of intent shall be published as a display advertisement not less than one-quarter (1/4) page in size in substantially the form attached to this resolution as Exhibit A.

4. The City Council of the City does hereby determine that the attached form of notice of intent and the manner of publication directed is the method best calculated to give notice to the electors residing in the boundaries of the City of this City's intent to issue the bonds, the purpose of the bonds, the security for the bonds and the right of referendum relating thereto, and the City Clerk is directed to select a newspaper determined to reach the largest number of persons to whom the notice is directed.

5. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Mayor Lindsay Bean, Councilmembers Elizabeth Firby,
Pat Scanlon, and Stuart Skaug (4)

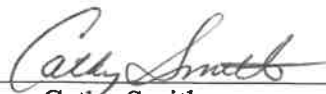
NAYS: Councilmembers Jason Chapman (1)

RESOLUTION DECLARED ADOPTED.



Cathy Smith
City Clerk

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ishpeming, County of Marquette, State of Michigan, at a special meeting held on May 18, 2021, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.



Cathy Smith
City Clerk

EXHIBIT A

NOTICE TO TAXPAYERS AND ELECTORS OF THE CITY OF ISHPEMING OF INTENT TO ISSUE BONDS AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Ishpeming, County of Marquette, State of Michigan (the "City"), intends to issue and sell its limited tax general obligation bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in one or more series, in an aggregate principal amount not to exceed Twelve Million Dollars (\$12,000,000) (the "Bonds") for the purpose of paying part of the costs of the unfunded pension liability for the City's Municipal Employees Retirement System defined benefit pension plan for general government employees.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS SHALL BE PAYABLE from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed twenty (20) in number and will bear interest at the rate or rates to be determined at public or private sale but in no event to exceed the maximum rate permitted by law on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS OF THE CITY UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK OF THE CITY WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517(2), Act 34, Public Acts of Michigan, 2001, as amended.

Cathy Smith
City Clerk, City of Ishpeming

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The Mining Journal

Upper Michigan's Largest Daily Newspaper

249 W. Washington St., P.O. Box 430, Marquette, Michigan 49855. Phone (906)228-2500. Fax (906)228-3273.

AFFIDAVIT OF PUBLICATION

STATE OF MICHIGAN

AFFIDAVIT OF PUBLICATION

For the County of **MARQUETTE**

In the matter of: City of Ishpeming
Intent to Issue Bonds

Size 3 x 10.5

State of **MICHIGAN**, County of Marquette

ANN C. TROUTMAN

being duly sworn, says that she is

PUBLISHER

of **THE MINING JOURNAL**

a newspaper published and circulated in
said county and otherwise qualified
according to Supreme Court Rule; that
annexed hereto is a printed copy of a
notice which was published in said
newspaper on the following date, or
dates, to-wit

May 22, 2021



ANN C. TROUTMAN

Subscribed and sworn to before me this 24th day of May, 2021.



HOLLY GASMAN

Notary Public for MARQUETTE County, Michigan

Acting in the County of Marquette

My commission expires: May 25, 2025

12-0418

**NOTICE TO TAXPAYERS AND ELECTORS
OF THE CITY OF ISHPEMING
OF INTENT TO ISSUE BONDS AND THE
RIGHT OF REFERENDUM RELATING THERETO**

Saturday, Sunday, May 22-23, 2021

PLEASE TAKE NOTICE that the City of Ishpeming, County of Marquette, State of Michigan (the "City"), intends to issue and sell its limited tax general obligation bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in one or more series, in an aggregate principal amount not to exceed Twelve Million Dollars (\$12,000,000) (the "Bonds") for the purpose of paying part of the costs of the unfunded pension liability for the City's Municipal Employees Retirement System defined benefit pension plan for general government employees.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS SHALL BE PAYABLE from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed twenty (20) in number and will bear interest at the rate or rates to be determined at public or private sale but in no event to exceed the maximum rate permitted by law on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS OF THE CITY UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK OF THE CITY WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517(2), Act 34, Public Acts of Michigan, 2001, as amended.

Cathy Smith
City Clerk, City of Ishpeming

NO REFERENDUM CERTIFICATE

I, Cathy Smith, hereby certify that I am the City Clerk of the City of Ishpeming, County of Marquette, State of Michigan; that I did cause to be published in The Mining Journal on May 22, 2021, the *Notice to Taxpayers and Electors of the City of Ishpeming of Intent to Issue Bonds and the Right of Referendum Relating Thereto* in connection with the City's not to exceed \$12,000,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable); and that at least 45 days have elapsed and no petition for a referendum on the notice has been filed with my office.

A handwritten signature in cursive script, appearing to read "Cathy Smith", is written over a horizontal line.

Cathy Smith
City Clerk

Dated: July 9, 2021

RESOLUTION #8-2021
AUTHORIZING LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

CITY OF ISHPEMING
County of Marquette, State of Michigan

Minutes of a regular meeting of the City Council of the City of Ishpeming, County of Marquette, State of Michigan (the "City"), held on Wednesday, July 7, 2021, at 7:00 p.m., prevailing Eastern Time.

PRESENT: Members: Mayor Lindsay Bean, Councilmembers Jason Chapman,
Elizabeth Firby, Pat Scanlon, and Stuart Skaug (5)

ABSENT: Members: None (0)

The following preamble and resolution were offered by Councilmember Jason Chapman and supported by Councilmember Pat Scanlon:

WHEREAS, as part of the City's retirement program (the "Retirement Program"), the City has previously established a defined benefit pension plan for general government City employees (the "Defined Benefit Plan") which is administered through the Municipal Employees' Retirement System of Michigan ("MERS"); and

WHEREAS, the City has closed its Defined Benefit Plan to new hired employees; and

WHEREAS, as part of the Retirement Program, the City is also implementing a defined contribution plan (the "Defined Contribution Plan"); and

WHEREAS, Section 518 of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") authorizes a city, in connection with the partial or complete cessation of accruals to a defined benefit plan, such as the Defined Benefit Plan, or the closure of the defined benefit plan to new or existing employees, and the implementation of a defined contribution plan, such as the Defined Contribution Plan, to issue bonds to pay all or part of the costs of the unfunded pension liability for that retirement program and the costs of issuance of the bonds; and

WHEREAS, the City has prepared a Comprehensive Financial Plan for Pension and Other-Post Employment Benefits (the "Comprehensive Financial Plan") in accordance with Section 518 of Act 34; and

WHEREAS, the City intends to issue limited tax general obligation bonds pursuant to Section 518 of Act 34, in one or more series, in an aggregate principal amount of not to exceed Twelve Million Dollars (\$12,000,000) (the "Bonds") for the purpose of paying part of the costs of the unfunded pension liability for its Defined Benefit Plan; and

WHEREAS, the City desires to negotiate the sale of the Bonds to an underwriter within

the parameters established by this Resolution; and

WHEREAS, a notice of intent for bonds (the "Notice of Intent") has been published in accordance with Act 34 which provides that the bonds may be issued without a vote of the electors of the City unless a proper petition for an election on the question of the issuance of the bonds is filed with the City Clerk within a period of forty-five (45) days from the date of publication and no petition was filed with the City Clerk within the applicable 45-day period; and

WHEREAS, prior to the publication of the Notice of Intent, the City Clerk posted the Comprehensive Financial Plan on the City's website and at the office of the City Clerk to be available to the public, in accordance with Section 518 of Act 34; and

WHEREAS, it is necessary for the City to obtain the approval of the Michigan Department of Treasury prior to the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Bonds of the City designated LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021 (FEDERALLY TAXABLE) (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed Twelve Million Dollars (\$12,000,000) for the purpose of paying part of the costs of the unfunded pension liability for the City's Defined Benefit Plan and the costs incidental to the issuance, sale and delivery of the Bonds. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered as determined by the Transfer Agent (hereinafter defined) and dated as of the date of delivery (or such other date as determined at the time of sale thereof). The Bonds shall mature on May 1 in the years and in the principal amounts as determined by the City Manager or Finance Director (each an Authorized Officer" and together, the "Authorized Officers") at the time of sale, and be subject to prior redemption as determined at the time of sale of the Bonds. The Bonds shall bear interest at a rate or rates to be determined upon negotiated sale thereof, but in any event producing a true interest cost not to exceed four percent (4.00%) per annum, payable semiannually on May 1 and November 1 of each year, first payable on such date as determined at the time of sale thereof, by check or draft mailed by the Transfer Agent (as hereinafter defined) to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. The principal of the Bonds shall be payable at a bank or trust company selected by an Authorized Officer, as registrar and transfer agent for the Bonds (the "Transfer Agent").

The Bonds shall be sold through a negotiated sale and shall be awarded, subject to the parameters of this resolution, upon entry of an order by an Authorized Officer.

2. Execution of Bonds. The Bonds of this issue shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and shall have the seal of the City, or a facsimile thereof, printed or impressed on the Bonds. No Bond executed by facsimile signatures shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in

accordance with instructions from the Authorized Officer upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted.

The Bonds may be issued in book entry only form through the Depository Trust Company in New York, New York ("DTC") and each Authorized Officer is authorized to execute such custodial or other agreements with DTC as may be necessary to accomplish the issuance of the Bonds in book entry only form and to make such change in the Bond Form within the parameters of this resolution as may be required to accomplish the foregoing.

Unless waived by any registered owner of Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers (and in the case of partial redemption) the called amounts of each certificate; the redemption date; the redemption price or premium; the place where Bonds called for redemption are to be surrendered for payment; and that interest on Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond may be transferred upon such registration books by the registered owner of record, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

4. Limited Tax Pledge; Bond Fund; Defeasance. The City hereby pledges its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance moneys as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

The Treasurer is authorized and directed to open a separate fund with a bank or trust company designated as the LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021 – BOND FUND (the "Bond Fund"), the moneys to be deposited into the Bond Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature. Into said fund there shall be placed the accrued interest, if any, received at the time of delivery of the Bonds.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Costs of Issuance; Proceeds of Bond Sale. The Treasurer is authorized and directed to open a separate depository account with a bank or trust company or establish a separate account on the books of the City, to be designated LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021 – PROCEEDS FUND (the “Proceeds Fund”) and deposit into the Proceeds Fund the proceeds of the Bonds less accrued interest, if any, which shall be deposited into the Bond Fund. The moneys in the Proceeds Fund shall be used solely to pay the costs of issuance of the Bonds and to pay costs of the unfunded pension liability of the Defined Benefit Plan to MERS.

6. Bond Form. The Bonds shall be in substantially the following form with such changes as may be required to conform to the final terms of the Bonds established in the Sale Order:

BOND FORM

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING
LIMITED TAX GENERAL OBLIGATION BOND
SERIES 2021
(FEDERALLY TAXABLE)

Interest <u>Rate</u>	Maturity <u>Date</u>	Date of <u>Original Issue</u>	<u>CUSIP</u>
	May 1, _____	_____, 2021	

Registered Owner:

Principal Amount: Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the “City”), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to

which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the corporate trust office of _____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the City is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

This bond is one of a series of bonds aggregating the principal sum of \$_____, issued for the purpose of paying part of the costs of the unfunded pension liability for certain of the City's retirement programs. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended and a duly adopted resolution of the City.

Bonds of this issue maturing in the years 20__ to 20__, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the year 20__ and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after May 1, 20__, at par and accrued interest to the date fixed for redemption.

[Insert term bond provisions, if necessary]

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

This bond is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Ishpeming, by its City Council, has caused this bond to be signed in the name of the City by the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.



(SEAL)

CITY OF ISHPERING
County of Marquette
State of Michigan

By: _____

Its: Mayor Lindsay Bean

By: _____

Its: City Clerk Cathy Smith

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By: _____

Authorized Signature

[Bond printer to insert form of assignment]

[End of Bond Form]

7. Negotiated Sale. The City Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34 determines that a negotiated sale of the Bonds will allow more flexibility in accessing the municipal bond market, and to price and sell the Bonds at the time that is expected to achieve the most advantageous interest rates and costs to the City, and will provide the City with greater flexibility in structuring bond maturities and adjusting terms for the Bonds.

8. Bond Purchase Agreement; Award. The City hereby appoints Stifel, Nicolaus & Company, Incorporated as senior managing underwriter for the Bonds (the "Underwriter"). The Authorized Officers are hereby individually authorized to negotiate the sale of the Bonds with the Underwriter, negotiate and execute a bond purchase agreement with the Underwriter, execute a Sale Order specifying the final terms of the Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this Resolution, *provided that* the true interest cost of the Bonds shall not exceed 4.00%, the underwriter's discount on the Bonds shall not exceed 1.00% of the par amount of the Bonds, the Bonds shall mature in no more than twenty (20) annual installments, and the net present value savings between the actuarially determined payments at the Defined Benefit Plan's investment rate of return and the debt service payments on the Bonds shall be at least 15% of the par amount of the Bonds.

9. Adjustment of Bond Terms. The Authorized Officers are hereby individually authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Bonds and in pursuance of the foregoing is authorized to exercise the authority and make the determinations pursuant to Section 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights and other matters within the parameters established by this resolution.

10. Official Statement; Qualification for Insurance; Ratings. The Authorized Officers are authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to the Bonds; to procure qualification of the Bonds for a policy of municipal bond insurance, if deemed appropriate by the City's financial advisor; and to obtain ratings on the Bonds.

11. Continuing Disclosure. The City agrees to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and either Authorized Officer is authorized to execute such undertaking prior to delivery of the Bonds.

12. Covenant with Bondholders and State of Michigan. The City hereby covenants with the holders of the Bonds and the State of Michigan that it will not, after the issuance of the Bonds and while the Bonds are outstanding, rescind whatever action it has taken to make a partial or complete cessation of accruals to the Defined Benefit Plan or the closure of the Defined Benefit Plan for new or existing employees.

13. Authorization of Other Actions. The Authorized Officers are individually authorized and directed to take all other actions necessary or advisable, and to make such other filings with any parties, including the Michigan Department of Treasury, to enable the sale and

delivery of the Bonds as contemplated herein, including, if necessary, an application to the Michigan Department of Treasury for approval to issue and sell the Bonds, in such form as shall be approved by either Authorized Officer. The Authorized Officers are further individually authorized to pay any necessary fees in connection with any such applications or waivers.

14. Appointment of Bond Counsel. The appointment of the law firm Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Bonds is hereby confirmed, notwithstanding the periodic representation by Miller, Canfield, Paddock and Stone, P.L.C. in unrelated matters of potential parties to the issuance of the Bonds, including the Underwriter.

15. Appointment of Financial Advisor. The City hereby confirms the appointment of PFM Financial Advisors LLC as Municipal Advisor with respect to the Bonds.

16. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members: Mayor Lindsay Bean, Councilmembers Jason Chapman, Elizabeth Firby, Pat Scanlon, and Stuart Skauge (5)

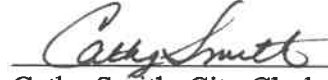
NAYS: Members: None (0)

RESOLUTION DECLARED ADOPTED.



Cathy Smith, City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ishpeming, County of Marquette, State of Michigan, at a regular meeting held on July 7, 2021, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


Cathy Smith, City Clerk

37733711.5/043278.00014



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

September 13, 2021

Order of Approval

Municipality Code: 522010

Application ID Number: 1559

Sent Via Email

Chief Administrative Officer

City of Ishpeming

citymanager@ishpemingcity.org

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Pension or Other Post-Employment Benefits (OPEB) Long-Term Securities under Section 518 of Public Act 34 of 2001, for the purpose of paying part of the costs of the unfunded pension liability for certain Defined Benefit Plans which have been closed to new participants.

Based upon the information provided, the Department of Treasury has determined that the City of Ishpeming has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and adequately addressed any non-compliance with Section 303(3) of Act 34.

This approval is for the Limited Tax General Obligation Bonds, Series 2021, in an amount not to exceed A) the lessor of \$12,000,000 or an amount equal to the difference between 95% of the actuarial value of liabilities and 100% of the market value of assets as determined within 150 days prior to the date of issuance of the municipal security plus the costs of issuance. The municipal security shall mature not later than May 1, 2039, and the annual debt service requirements shall be in accordance with the municipality's plan submitted with their application, i.e., level or descending either on a calendar, fiscal or bond year basis, and shall not "materially deviate" as that term is defined in Bulletin 11; or B) the lessor of \$12,000,000 or an amount equal to the difference between 95% of the actuarial value of liabilities and 100% of the actuarial value of assets as determined on December 31, 2020 plus the costs of issuance. The municipal security shall mature not later than May 1, 2039, and the annual debt service requirements shall be in accordance with the municipality's plan submitted with their application, i.e., level or descending either on a calendar, fiscal or bond year basis, and shall not "materially deviate" as that term is defined in Bulletin 11. Prior to the sale of

the municipal security, the municipality shall notify the Department of Treasury which of the above funding methodology will be utilized and the par amount of the municipal security.

Furthermore, the municipality's official statement should include adequate and appropriate disclosure related to the pension funding obligations as described in the Government Finance Officers Association (GFOA) Best Practices and/or considerations presented in the National Association of Bond Lawyers publication dated May 15, 2012.

In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. Since the value of the pension plan's assets and liabilities are subject to change, it is possible the pension liability may increase, thereby requiring the municipality to make additional contributions to the plan beyond the principal amount from the municipal security. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department. This Order of Approval will remain in effect for one year from the date of this letter.

Within 15 business days after the issuance of a municipal security, you will need to upload to the Department of Treasury a Security Report and the required documents that are listed in the Michigan Legislature Website (Section 319) of Public Act 34 of 2001.

If you would like to speak with a member of our team, please email our office at Treas_MunicipalFinance@Michigan.gov.

Sincerely,



Rod Taylor, Administrator
Community Engagement and Finance Division

BOND PURCHASE AGREEMENT
\$9,125,000
CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

September 29, 2021

CITY OF ISHPEMING
100 E. Division
Ishpeming, MI 4849849
Attention: Craig Cugini
City Manager

On the basis of the representations, warranties and covenants contained in the certificates described in Section 3(b) hereof and contained elsewhere in this Bond Purchase Agreement (the “*Bond Purchase Agreement*”), and upon the terms and conditions contained in this Bond Purchase Agreement, Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”) hereby offers to purchase from the City of Ishpeming, County of Marquette, State of Michigan (the “*Issuer*”), its \$9,125,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable), to be issued pursuant to a resolution adopted by the City Council of the Issuer on July 7, 2021 (the “*Resolution*”) and a Sale Order executed by the Issuer on or as of the date hereof (the “*Sale Order*”).

This offer is made subject to the Issuer’s acceptance and execution of this Bond Purchase Agreement on or before 11:00 p.m., prevailing Eastern Time, on the date hereof, and if not so accepted and executed will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time before acceptance and execution hereof by the Issuer.

SECTION 1. THE REPRESENTATIONS, WARRANTIES AND AGREEMENT OF THE ISSUER

By the Issuer’s acceptance hereof, the Issuer hereby represents and warrants to, and agrees with, the Underwriter that:

- (a) The Issuer is duly organized and validly existing under the laws of the State of Michigan and is authorized by the provisions of the Constitution and the laws of the State of Michigan to issue the Bonds for the purposes described in the Resolution and the Final Official Statement (defined below) authorized by the Issuer with respect to the Bonds.

- (b) The Issuer has complied with or, as of the Closing Time (defined below), will have complied with all provisions of the Constitution and laws of the State of Michigan with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by the Bond Purchase Agreement, the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking (defined below), and any and all other agreements relating thereto and to issue, sell and deliver the Bonds to the Underwriter as provided herein.
- (c) The information contained in the Preliminary Official Statement dated September 16, 2021 (the “*Preliminary Official Statement*”), including the appendices thereto and in any amendment or supplement that may be authorized by the Issuer for use with respect to the Bonds (other than the information relating to the book-entry-only system provided by The Depository Trust Company under the caption “THE BONDS – Book-Entry-Only System”, the information relating to municipal bond insurance provided by Assured Guaranty Municipal Corp. (the “*Bond Insurer*”), and the information under the caption “UNDERWRITING” provided by the Underwriter, as to which no representation is made), as of its date and as of the date hereof, is true, accurate and complete and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The information to be contained in the final Official Statement to be dated the date hereof (the “*Final Official Statement*”), including the appendices thereto, and in any amendment or supplement that may be authorized by the Issuer for use with respect to the Bonds (other than the information relating to the book-entry-only system provided by The Depository Trust Company under the caption “THE BONDS – Book-Entry-Only System”, the information relating to municipal bond insurance provided by the Bond Insurer, and the information under the caption “UNDERWRITING” provided by the Underwriter, as to which no representation is made) as of the Closing Time, will be true, accurate and complete and will not contain any untrue statement of material fact and will not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading. The Preliminary Official Statement and the Final Official Statement are collectively referred to herein as the “*Official Statement*.”
- (d) Prior to the Closing Time, the Issuer will have duly authorized all necessary action to be taken by the Issuer for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Resolution, the Sale Order and the Final Official Statement; (ii) the passage and approval of the Resolution providing for the issuance of and security for the Bonds; (iii) the approval of the Official Statement and its use by the Underwriter in the public offering and sale of the Bonds, and the execution of the Final Official Statement by the City Manager or another duly authorized officer of the Issuer (each an “*Authorized Officer*”); (iv) the execution, delivery, receipt and due performance of the Bond Purchase

Agreement, the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (v) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution, the Sale Order and the Official Statement.

- (e) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the Issuer's knowledge, threatened against or affecting the Issuer, or, to the Issuer's knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, the Sale Order, the Bond Purchase Agreement, the Continuing Disclosure Undertaking, or any agreement or instrument to which the Issuer is a party or by which the Issuer is bound and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement.
- (f) Upon the advice of counsel and to the best of the Issuer's knowledge, the execution and delivery of the Official Statement, the Bond Purchase Agreement, the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and the other agreements contemplated hereby, thereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the Issuer's part a breach of or a default under any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound and will not conflict with, or be in violation of, any existing law, court or administrative regulation, rule, decree or order.
- (g) Any certificates signed by any of the Issuer's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.
- (h) For so long as the Bonds remain outstanding, upon request of the Underwriter, the Issuer will send one copy of the Issuer's audited financial statements annually to the Underwriter, as soon as such financial statements become available.
- (i) The Issuer's audited financial statements included in the Official Statement present the Issuer's financial position as of December 31, 2020, the results of the Issuer's operations, and the changes in the Issuer's financial position for the fiscal year then ended. For the period from the dates of the audited financial statements appearing in the Official Statement to the date of this Bond Purchase Agreement, the Issuer has not experienced any material adverse change in the Issuer's financial condition except as described in the Official Statement. The inclusion of audited financial statements in the Official Statement as presented

does not violate any agreement with the Issuer's auditors as to the use of such statements.

- (j) The issuance of the Bonds has been approved by the Michigan Department of Treasury pursuant to Section 518(9) of Act 34, Public Acts of Michigan, 2001, as amended, as evidenced by its approval letter to the Issuer dated September 13, 2021 (the "*Treasury Approval Letter*").
- (k) To the best of its knowledge, the Issuer has never defaulted on payment of its bonded indebtedness.
- (l) Except as disclosed in the Official Statement, the Issuer has materially complied, during the past five years, with all previous continuing disclosure undertakings as "undertaking" is described in Rule 15c2-12 of the Securities Exchange Commission under the Securities Exchange Act of 1934, as amended (the "*Rule*").
- (m) The Underwriter has provided to the Issuer prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (the "*MSRB*"), and such disclosures have been received and acknowledged by the Issuer.
- (n) The Issuer will execute and deliver a Continuing Disclosure Undertaking, dated the Closing Date (defined below), in the form attached to the Official Statement as Appendix E and otherwise in form and substance satisfactory to the Underwriter, and signed by an Authorized Officer, pursuant to which the Issuer agrees to send information and provide notices of events to information repositories in satisfaction of the Rule (the "*Continuing Disclosure Undertaking*").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the transaction contemplated by this Bond Purchase Agreement is an arm's length, commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and not acting as a fiduciary to the Issuer; (ii) the Underwriter has provided advice with respect to the structure, timing or other similar matters concerning the Bonds as an underwriter and not as a fiduciary to the Issuer; (iii) the Underwriter is acting solely in its capacity as underwriter for its own account; (iv) the Underwriter has financial and other interests that differ from those of Issuer; (v) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby are expressly set forth in this Bond Purchase Agreement; and (vi) the Issuer has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent deemed appropriate.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS

On the basis of the representations, warranties and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, at the Closing Time, the Underwriter agrees to purchase from the Issuer, and the Issuer agrees to sell to the Underwriter, the Bonds at a purchase price of \$9,094,431.25, which is the par value of the Bonds less the Underwriter's discount of \$30,568.75. The Underwriter further agrees to initially

offer the Bonds to the public in a bona fide public offering at the initial offering prices or yields set forth in Exhibit A hereto.

The Bonds shall be issued under and secured as provided in the Resolution. The Bonds shall have the maturities and shall bear interest and shall be subject to redemption prior to maturity as set forth in Exhibit A hereto.

Payment for the Bonds shall be made in federal funds or other funds good the day of delivery or wire transfer payable to the order of the Issuer. The closing for the Bonds shall take place at the offices of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, at 10:00 a.m. prevailing Eastern Time, on October 19, 2021, or such other place, time or date as shall be mutually agreed upon by the Issuer and the Underwriter. The date of such delivery and payment is herein called the “*Closing Date*,” and the hour and date of such delivery and payment is herein called the “*Closing Time*.” The delivery of the Bonds shall be made in definitive form, bearing CUSIP numbers (provided neither the printing of a wrong number on the Bonds nor the failure to print the number thereon shall constitute cause to refuse delivery of any Bond) and will be issued to the registered owners thereof. The Bonds shall be available through The Depository Trust Company in New York, New York (or such other location as the Underwriter shall designate) at least 24 hours prior to the Closing Time.

SECTION 3. CONDITIONS TO THE UNDERWRITER’S OBLIGATIONS

The Underwriter’s obligations hereunder shall be subject to the due performance by the Issuer of and compliance by the Issuer with the Issuer’s obligations and agreements to be performed hereunder at or prior to the Closing Time and to the truth, accuracy and completeness of the Issuer’s representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

- (a) The Bonds shall have been duly authorized, executed and delivered in the form authorized by the Issuer and as required by the Bond Purchase Agreement with only such changes therein as shall be mutually agreed upon by the Issuer and the Underwriter.
- (b) At the Closing Time, the Underwriter shall receive:
 - (i) The opinions of Miller, Canfield, Paddock and Stone, P.L.C., as Bond Counsel, dated as of the Closing Date, substantially in the forms attached as Appendix D to the Official Statement and Exhibit B to this Bond Purchase Agreement;
 - (ii) A certificate, satisfactory to the Underwriter, of an Authorized Officer, dated as of the Closing Date, to the effect that: (A) the Issuer has duly performed all of the Issuer’s obligations to be performed at or prior to the Closing Time and that each of the Issuer’s representations and warranties contained herein is true, accurate and complete as of the Closing Time; (B) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and any and all such other agreements and documents as may be required to be executed, delivered and

received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; (C) no litigation is pending, or to the Issuer's knowledge, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking or the Issuer's existence or powers; and (D) upon advice of counsel and to the best of the Issuer's knowledge, the execution, delivery, receipt and due performance of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions hereof and thereof will not conflict with or constitute on the Issuer's part a breach of, or a default under, any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound and will not conflict with or be in violation of any existing law, court or administrative regulation, rule, decree or order;

- (iii) A letter from S&P Global Ratings ("S&P") confirming that the Bonds have received a rating by S&P of "AA" based upon the Policy and an underlying rating by S&P of "A";
- (iv) A copy of all necessary approvals, waivers or exceptions issued by the Michigan Department of Treasury or other state agencies with respect to the Bonds, including, particularly, the Treasury Approval Letter;
- (v) The Resolution, certified by the Clerk of the Issuer as having been duly adopted and being in effect;
- (vi) An executed counterpart of the Continuing Disclosure Undertaking;
- (vii) The Final Official Statement executed on behalf of the Issuer by an Authorized Office of the Issuer;
- (viii) An executed counterpart of the Sale Order;
- (ix) The opinion of Dickinson Wright PLLC, as counsel to the Underwriter, dated as of the Closing Date, substantially in the form attached as Exhibit C to this Bond Purchase Agreement;
- (x) Evidence satisfactory to the Underwriter that the Bond Insurer has issued its municipal bond insurance policy (the "*Policy*") insuring the Bonds, together with a specimen of the Policy and any certificates and opinions of counsel delivered by the Bond Insurer in connection therewith;
- (xi) Such additional certificates as the Underwriter and its counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the

Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter; and

- (xii) A copy of the final transcript of proceedings for the Bonds within a reasonable period of time after the Closing Date.
- (c) No event shall have occurred which impairs or threatens to impair the validity of the Bonds or the status of the interest thereon as exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan.
- (d) No proceedings related to the Bonds shall be pending or threatened by the Securities and Exchange Commission.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Bond Purchase Agreement, or if any of the opinions, instruments, documents, proceedings or certificates mentioned above or elsewhere in this Bond Purchase Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Underwriter and its counsel, this Bond Purchase Agreement and all obligations of the Underwriter under it may be canceled by the Underwriter at, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the Issuer in writing, or by telex confirmed in writing.

SECTION 4. CONDITIONS TO THE ISSUER'S OBLIGATIONS

The Issuer's obligation to sell and deliver the Bonds shall be subject to the following conditions on or before the Closing Date:

- (a) The Issuer shall have received the opinions of Bond Counsel described in Section 3(b)(i) hereof; and
- (b) The Underwriter shall have tendered the purchase price set forth in Section 2 hereof;

SECTION 5. THE UNDERWRITER'S RIGHT TO CANCEL

The Underwriter shall have the right to cancel the Underwriter's obligation hereunder to purchase the Bonds by notifying the Issuer in writing of its election to do so between the date hereof and the Closing Time, if at any time hereafter and prior to the Closing Time, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each a "*Termination Event*"):

- (a) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:
 - (i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary

regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Bonds; or

- (ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or
- (iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or
- (iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Bonds, related documents, or any comparable bonds of the Authority, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended (the "*Securities Act*") and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") or otherwise, or would be in violation of any provision of the federal securities laws; or
- (v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Authority or the City shall have occurred; or
- (vi) any rating on:
 - 1. obligations of the City which are secured by a pledge of the City's limited tax full faith and credit; or
 - 2. if the Bonds (or any portion thereof) are insured by a municipal bond insurance policy, the Bond Insurer,is reduced or placed on credit watch with negative outlook by any major credit rating agency; or

The Underwriter acknowledges that, as of the date of this Agreement, current conditions would not give the Underwriter the right to terminate the Agreement pursuant to this section 5(a).

- (b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Authority refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or
- (c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or
- (d) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or
- (e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or
- (f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Securities and Exchange Act of 1934, as amended, and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriter, all obligations of the Issuer and the Underwriter under this Agreement shall terminate without further liability, except that the Issuer and the Underwriter shall pay their respective expenses as set forth in Section 7 hereof.

SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY

All of the Issuer's representations, warranties and agreements shall remain operative and in full force and effect regardless of any investigations made by the Underwriter on its behalf and shall survive delivery of the Bonds to the Underwriter.

SECTION 7. PAYMENT OF EXPENSES

- (a) Except as set forth herein, the Underwriter shall be under no obligation to pay, and the Issuer shall pay, all expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to: (i) fees and disbursements of Bond Counsel, the financial advisor, and the transfer agent in connection with the issuance of the Bonds; (ii) the costs of printing and distributing the Bonds, and the costs charged by the printer for printing and distributing the Preliminary Official Statement and the Final Official Statement; (iii) the cost of obtaining ratings on the Bonds; (iv) the cost of the Policy; and (v) fees charged by the State of Michigan and the Municipal Advisory Council.
- (b) The Underwriter shall pay: (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the fees and disbursements of counsel to the Underwriter; and (iii) all other expenses incurred by it in connection with its public offering and distribution of the Bonds.

SECTION 8. OFFICIAL STATEMENT

- (a) The Issuer agrees to deliver to the Underwriter at such addresses as the Underwriter shall specify, as many copies of the Final Official Statement relating to the Bonds (as supplemented and amended from time to time), as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-32 and all other applicable rules of the MSRB. The Issuer agrees to deliver such Final Official Statements within seven (7) business days after the execution hereof. The Underwriter agrees to file the Official Statement with the MSRB on or before the Closing Date.
- (b) The Issuer hereby confirms that the information contained in the Preliminary Official Statement was deemed to be final as of its date for the purpose of enabling the Underwriter to comply with the requirements of paragraph (b)(1) of the Rule, except for the omission of such information as is permitted by paragraph (b)(1) of the Rule.
- (c) The Issuer hereby confirms the authority of the Underwriter to use, and consents to the use of, the Official Statement in conjunction with the offer, sale and distribution of the Bonds.
- (d) The Underwriter shall give notice to the Issuer (i) on the date after which no Participating Underwriter, as such term is defined in the Rule, remains obligated to deliver Final Official Statements pursuant to Paragraph (b)(4) of the Rule; or (ii) if there exists an unsold balance of Bonds thus causing an extension of the underwriting period, as the term is defined in the Rule. The underwriting period is deemed to end thirty (30) days after the Closing Date unless the Underwriter notifies the Issuer prior to such date that there exists an unsold balance of the Bonds, in which case the underwriting period is deemed to be extended for thirty (30) days from the date notice is received. The period may be extended for additional periods of thirty (30) days each by delivering subsequent notices to the Issuer.

- (e) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Paragraph (d) hereof that Final Official Statements are no longer required to be delivered under the Rule, but in no case less than twenty-five (25) days following the end of the underwriting period, or (ii) ninety (90) days from the end of the underwriting period, unless the Underwriter notifies the Issuer prior to such date that the underwriting period is deemed to be extended for thirty (30) days from the date notice is received, any event occurs with respect to the Issuer as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter in writing of such event. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Preliminary Official Statement or Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (f) If, at any time during the period from the date hereof to the Closing Date any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the Issuer will notify the Underwriter of the occurrence of such event and will cooperate with the Underwriter in the prompt preparation of an amendment or supplement which will correct such statement or omission.

SECTION 9. NOTICE

Any notice or other communication to be given to the Issuer under the Bond Purchase Agreement may be given by mailing or delivering the same in writing to:

City of Ishpeming
Attn: City Manager
100 E. Division
Ishpeming, Michigan 49849

and any notice or other communication to be given to the Underwriter under the Bond Purchase Agreement may be given by delivering the same to:

Stifel, Nicolaus & Company, Incorporated
3590 Okemos Road
Okemos, Michigan 48864

SECTION 10. APPLICABLE LAW: NONASSIGNABILITY

The Bond Purchase Agreement shall be governed by the laws of the State of Michigan. The Bond Purchase Agreement shall not be assigned by the Issuer.

SECTION 11. ANTI-BOYCOTT

By entering into this Agreement, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

[Remainder of this page is intentionally blank. The signature page follows.]

SECTION 12. EXECUTION OF COUNTERPARTS

The Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: 
Jeffrey A. Zylstra
Its: Managing Director

Accepted as of the date first above written.

**CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN**

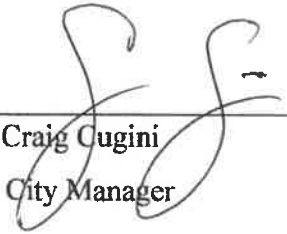
By: 
Craig Cugini
Its: City Manager

EXHIBIT A

<u>Dated Date:</u>	October 19, 2021 (expected date of delivery)
<u>Aggregate Principal Amount:</u>	\$9,125,000
<u>Purchase Price:</u>	\$9,094,431.25, being the par value less the Underwriter's discount of \$30,568.75
<u>Interest Payment Dates:</u>	May 1, 2022 and semi-annually thereafter on each subsequent November 1 and May 1 until maturity or earlier redemption

Maturity Dates, Amounts, Interest Rates and Prices:

<u>Maturity Dates</u> <u>(May 1)</u>	<u>Amounts</u>	<u>Rates</u>	<u>Prices</u>
2022	\$430,000	0.270%	100%
2023	440,000	0.370%	100%
2024	445,000	0.770%	100%
2025	445,000	1.220%	100%
2026	455,000	1.420%	100%
2027	460,000	1.670%	100%
2028	470,000	1.870%	100%
2029	480,000	2.020%	100%
2030	490,000	2.120%	100%
2031	500,000	2.280%	100%
2032	510,000	2.450%	100%
2033	525,000	2.550%	100%
2034	540,000	2.680%	100%
2035	550,000	2.770%	100%
2036	570,000	2.870%	100%
2039*	1,815,000	3.160%	100%

*Term Bonds

Optional Redemption:

The Bonds maturing in the years 2022 to 2031, inclusive, are not subject to optional redemption prior to maturity. The Bonds or portions of Bonds in multiples of \$5,000 maturing or subject to mandatory redemption on or after May 1, 2032 are subject to optional redemption prior to maturity at the option of the Issuer in such order as the Issuer may determine and by lot within any maturity, on any date occurring on or after May 1, 2031, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds:

The Bonds maturing on May 1, 2039 are Term Bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a

redemption price equal to the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption. When term Bonds are purchased by the Issuer and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the Issuer.

Term Bonds Maturing on May 1, 2039

Redemption Dates	
<u>(May 1)</u>	<u>Principal Amounts</u>
2037	\$585,000
2038	605,000
2039 (maturity)	625,000

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

October 19, 2021

City of Ishpeming
County of Marquette
State of Michigan

Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

Ladies and Gentlemen:

This opinion is submitted pursuant to Section 3(b)(i) of the Bond Purchase Agreement dated as of September 29, 2021 (the “Bond Purchase Agreement”), between Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), and the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”), with respect to the purchase by the Underwriter and sale by the Issuer of its \$9,125,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable), dated as of October 19, 2021 (the “Bonds”).

We have examined (in addition to the proceedings and documents specified in our approving opinion rendered by us on the date hereof in connection with the delivery of the Bonds), executed counterparts of the Bond Purchase Agreement, the Official Statement pertaining to the Bonds dated September 29, 2021 (the “Official Statement”), and certified copies of a resolution of the Issuer adopted on July 7, 2021 and the Sale Order dated September 29, 2021 (collectively, the “Resolutions”), approving authorization, execution, sale and delivery of the Bonds. On the basis of such examination and our review of such other information, records and documents as in our judgment is necessary and advisable, we are of the opinion that:

1. The Issuer had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, full legal right, power and authority (i) to enter into the Bond Purchase Agreement and the Resolutions and (ii) to sell and deliver the Bonds to the Underwriter as provided in the Bond Purchase Agreement and in the Resolutions. The Issuer had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, duly authorized and approved the execution and delivery of, and the performance of its obligations contained in, the Bond Purchase Agreement.

2. No further authorization or approval is required for the execution and delivery of the Bond Purchase Agreement and the Bond Purchase Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, and no further authorization or approval is required for the performance by the Issuer of its obligations under the Bond Purchase Agreement.

3. The Issuer has duly authorized, approved and ratified the Preliminary Official Statement regarding the Bonds dated September 16, 2021 (the “Preliminary Official Statement”) and has duly authorized, approved and executed the Official Statement.

4. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

5. The statements contained in the Preliminary Official Statement and the Official Statement under the captions “PURPOSE AND SECURITY”, “THE BONDS (except under the subheading “Book-Entry-Only System” therein)”, “TAX MATTERS”, “APPROVAL OF LEGAL PROCEEDINGS” “APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY” and “CONTINUING DISCLOSURE” (first two paragraphs only) insofar as such statements summarize the language and effect of the Resolutions and the Constitution and the laws of the State of Michigan or federal tax matters relating to the Bonds, are fair and accurate summaries thereof in all material respects.

The enforceability of the rights and remedies set forth in the Bond Purchase Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors’ rights generally now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

Although we have not independently verified and are not passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements in the Preliminary Official Statement and the Official Statement (except to the extent expressly set forth in Paragraph 5 hereof), in our capacity as Bond Counsel, in which capacity we have been dependent on information provided by representatives of the Issuer, we participated in conferences with representatives of the Issuer and the Underwriter for the purpose of drafting the Resolutions and such portions of the Preliminary Official Statement and the Official Statement expressly set forth in Paragraph 5 hereof and ancillary documents with respect to the Bonds. Such information and conferences did not disclose to us any information which causes us to believe that the Preliminary Official Statement or the Official Statement contained, as of its date or as of the date hereof, any untrue statement of a material fact or omitted as of its date, or omits as of the date hereof, to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Underwriter shall be entitled to rely on the approving opinion rendered by us on the date hereof in connection with the delivery of the Bonds, as if such opinion was addressed to them.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By _____
Thomas D. Colis

EXHIBIT C

FORM OF OPINION OF UNDERWRITER'S COUNSEL

October 19, 2021

Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the purchase by the Underwriter of the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer") \$9,125,000 Limited Tax General Obligation Bonds (Federally Taxable), Series 2021, issued pursuant to a resolution adopted by the City Council of the Issuer on July 7, 2021 (the "Resolution") and a Sale Order executed by the Issuer on September 29, 2021 (the "Sale Order"). As such counsel, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of such documents, records and other instruments as we have deemed necessary or advisable for purposes of this letter.

We have examined executed or certified copies of (A) the Resolution and the Sale Order, (B) the bond purchase agreement dated September 29, 2021, between the Underwriter and the Issuer (the "Bond Purchase Agreement"), (C) the Preliminary Official Statement dated September 16, 2021, and the final Official Statement dated September 29, 2021 (collectively, the "Official Statement"), (D) the certificates referred to in Section 3(b) of the Bond Purchase Agreement (the "Certificates"), and (E) the approving opinion and supplemental opinion of even date herewith of Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel ("Bond Counsel").

In connection with the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences and telephone conferences with, representatives of the Issuer, its municipal advisor, your representatives, and Bond Counsel. We have also reviewed other records relating to the authorization, issuance and sale of the Bonds and have relied upon certificates of officials of the Issuer and of other public officials and upon written opinions and letters received from the Issuer and Bond Counsel.

We have considered the information contained in the Official Statement and, based upon our review and discussions and in reliance upon the accuracy of the information contained in the Certificates, written opinions and letters, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no opinion as to any financial or other statistical data, projections, forecasts, audit material, or the opinions of other counsel included in the Official Statement.

The letters, Certificates and opinions referred to above are in form and substance satisfactory to us and comply with the requirements of the Bond Purchase Agreement.

The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Under existing law as presently interpreted, the Continuing Disclosure Undertaking contains the elements required for the written agreement or contract referenced in paragraphs (b)(5)(i), (b)(5)(ii) and (b)(5)(iv) of SEC Rule 15c2-12.

Our engagement with respect to this matter is terminated as of the date hereof and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, but may be included in the transcript of proceedings for the Bonds.

DICKINSON WRIGHT PLLC

CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN

ORDER APPROVING SALE OF

LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

WHEREAS, by resolution adopted on July 7, 2021 (the “Resolution”), the City of Ishpeming, County of Marquette, State of Michigan (the “City”), authorized its not to exceed \$12,000,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”), for the purpose of paying all or part of the costs of the unfunded pension liability for the City’s retirement program; and

WHEREAS, under the provisions of the Resolution, the City Manager or Finance Director are each authorized to (a) negotiate the sale of the Bonds and approve and execute a bond purchase agreement finalizing the details of the Bonds within the authorized parameters of the Resolution; (b) execute a sale order specifying the final terms of the Bonds; (b) approve the circulation of a preliminary and a final Official Statement describing the Bonds; and (c) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds; and

WHEREAS, the City has received an offer to purchase the Bonds from Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), and the undersigned officer has determined that it is in the best interest of the City to accept said offer; and

WHEREAS, the City desires to sell the Bonds to the Underwriter pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”), between the City and the Underwriter, dated the date of this sale order (the “Sale Order”), in the amount, at the prices, with the interest rates and other terms, specified in the Bond Purchase Agreement as supplemented by this Sale Order.

NOW THEREFORE, BE IT ORDERED:

1. Sale Order Made in Accordance with the Resolution. This Sale Order authorizing the sale and delivery of the Bonds and making determinations regarding certain terms of the Bonds is hereby found to be made in accordance with the provisions of the Resolution.

2. Acceptance of Underwriter’s Offer. The offer of the Underwriter presented to the City to purchase the Bonds in the principal amount and at a purchase price as shown on Exhibit A attached hereto and made a part hereof and as set forth in the Bond Purchase Agreement, is hereby accepted and the undersigned is authorized and directed to execute and deliver the Bond Purchase Agreement on behalf of the City, in accordance with law and the Resolution.

3. Bond Terms for the Bonds. The Bonds shall be issued in the principal amount, dated, mature, bear interest and be subject to redemption as provided on Exhibit A hereto.

4. Use of Proceeds. Upon delivery of the Bonds, the Bond proceeds shall be used as provided in Exhibit A hereto.

5. Preliminary Official Statement. The preliminary Official Statement relating to the Bonds dated September 16, 2021 and its use by the Underwriter is hereby, approved, ratified and confirmed.

6. Final Official Statement. The final Official Statement dated September 29, 2021, relating to the Bonds is hereby authorized and approved. The City Manager is authorized and directed to execute and deliver the final Official Statement on behalf of the City, and is further authorized to approve, execute and deliver any amendments and supplements to the final Official Statement necessary to assure that the statements therein are, and as of the time the Bonds are delivered to the Underwriter will be, true, and that the final Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading and is further authorized and directed to execute and deliver any and all documents and certificates in connection with the closing of the Bonds.

7. Transfer Agent. U.S. Bank National Association, Detroit, Michigan, is hereby appointed and approved as transfer agent, paying agent and registrar for the Bonds.

8. Municipal Bond Insurance Policy. The scheduled payment of the principal of and interest on the Bonds shall be insured by a policy of municipal bond insurance to be issued by Assured Guaranty Municipal Corporation (“AGM”), the premium for which will be paid by the City from the proceeds of the Bonds. The City hereby covenants and agrees to comply with the terms and conditions specified in AGM’s Municipal Bond Insurance Commitment with respect to the Bonds, which is attached hereto as Exhibit B.

9. Additional Actions. The officers, agents and employees of the City are authorized to take all other actions necessary and convenient to facilitate sale and delivery of the Bonds in accordance with law, the Sale Order and the Resolution, including executing such closing documents as may be required.

10. Rescission. All orders and all parts of orders insofar as they conflict with the provisions of this order be and the same hereby are rescinded.

11. Immediate Effect. This Sale Order shall be effective immediately.

CITY OF ISHPEMING
County of Marquette
State of Michigan

By


Craig Cugini
Its: City Manager

Dated: September 29, 2021

EXHIBIT A

Dated Date: October 19, 2021

Aggregate Principal Amount: \$9,125,000

Purchase Price: \$9,094,431.25 (being the par value less Underwriter's discount of \$30,568.75)

Interest Payment Dates: May 1, 2022 and each May 1 and November 1 thereafter

<u>Maturity</u> <u>May 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2022	\$ 430,000	0.270%	0.270%	100.00%
2023	440,000	0.370	0.370	100.00
2024	445,000	0.770	0.770	100.00
2025	445,000	1.220	1.220	100.00
2026	455,000	1.420	1.420	100.00
2027	460,000	1.670	1.670	100.00
2028	470,000	1.870	1.870	100.00
2029	480,000	2.020	2.020	100.00
2030	490,000	2.120	2.120	100.00
2031	500,000	2.280	2.280	100.00
2032	510,000	2.450	2.450	100.00
2033	525,000	2.550	2.550	100.00
2034	540,000	2.680	2.680	100.00
2035	550,000	2.770	2.770	100.00
2036	570,000	2.870	2.870	100.00
2039*	1,815,000	3.160	3.160	100.00

*Term Bonds

Optional Redemption

Bonds of this issue maturing in the years 2022 to 2031, inclusive, shall not be subject to optional redemption prior to maturity. Bonds or portions of the Bonds in multiples of \$5,000, maturing on or after May 1, 2032, are subject to redemption prior to maturity at the option of the City, in such order as the City may determine and by lot within any maturity, on any date occurring on or after May 1, 2031, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption:

The Bonds maturing on May 1, 2039 are term bonds (the “Term Bonds”), subject to mandatory redemption, on the redemption dates and in the principal amounts set forth below at a redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption dates.

Term Bonds due May 1, 2039

<u>Redemption Dates</u>	<u>Principal Amounts</u>
May 1, 2037	\$585,000
May 1, 2038	\$605,000
May 1, 2039 (maturity)	\$625,000

Use of Bond Proceeds:

The proceeds of the Bonds of \$9,094,431.25 shall be used as follows:

- | | | |
|----|---|----------------|
| a. | The following amount shall be deposited in the Limited Tax General Obligation Bonds, Series 2021 - Proceeds Fund to be used for the purpose of paying the costs of the unfunded pension liability of the Defined Benefit Plan (as defined in the Resolution) to MERS: | \$8,955,208.05 |
| b. | The following amount shall be deposited in the Proceeds Fund held by the City and used to pay the costs of issuance of the Bonds: | \$103,033.18 |
| c. | The following amount shall be used on the date of delivery of the Bonds to pay the premium for the policy of municipal bond insurance to be issued by AGM: | \$36,190.02 |

EXHIBIT B

[Municipal Bond Insurance Commitment Attached]



MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment, or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").
3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.
4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.
5. AGM shall be provided with:
 - (a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.
 - (b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.
 - (c) S&P Global and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.
6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).
7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

TERM SHEET FOR MUNICIPAL BOND INSURANCE COMMITMENT

Issuer: City of Ishpeming, County of Marquette, State of Michigan

Principal Amount of Bonds Insured: Not to Exceed \$12,000,000

Name of Bonds Insured: Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable)

Date of Commitment: September 1, 2021

Expiration Date: Friday, November 5, 2021*

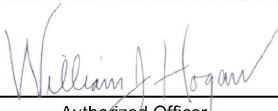
Premium: .317% of total debt service on the Bonds Insured

Bond Counsel Opinion -- Language Requirements:

The approving opinion of Bond Counsel shall include language to the effect that the Bonds are a full faith and credit general obligation of the Issuer, the payment for which the Issuer is obligated to exercise its ad valorem taxing power, limited as to rate, upon all taxable property within the Issuer.

Additional Conditions: None

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Exhibit A executed by an authorized officer by the earlier of the date on which the Official Statement containing disclosure language about AGM is circulated and ten days from the Date of Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range.

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Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

CITY OF ISHPEMING, COUNTY OF
MARQUETTE, STATE OF MICHIGAN


Authorized Officer

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38139516.2/043278.00014

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 2021

NEW ISSUE-Book-Entry-Only

RATINGS†: S&P Global Ratings: AA/A
AGM Insured/Underlying

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, the interest on the Bonds is not excludable from gross income for federal income tax purposes. The Bonds and interest thereon and income from the Bonds are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan. See "TAX MATTERS" and "FORM OF APPROVING OPINION OF BOND COUNSEL" herein.



\$9,145,000*
CITY OF ISHPEMING
COUNTY OF MARQUETTE, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: May 1, as shown below

The Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") are being issued by the City of Ishpeming, County of Marquette, State of Michigan (the "City"), pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a bond authorizing resolution adopted by the City on July 7, 2021 (the "Resolution") for the purpose of defraying a portion of the costs of the unfunded pension liability of the City's defined benefit pension plan for certain employees and to pay costs of issuance incurred with respect to the Bonds. The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance moneys as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in such fiscal year.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by U.S. Bank National Association, Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2022, to the Bondholders of record as of the applicable record dates herein described.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE" and APPENDIX F – Specimen Municipal Bond Insurance Policy" herein.



Maturity Schedule*
(Base CUSIP\$: _____)

Maturity* (May 1)	Amount	Interest Rate	Price	CUSIP\$	Maturity* (May 1)	Amount	Rate	Price	CUSIP\$
2022	\$425,000				2031	\$500,000			
2023	445,000				2032	515,000			
2024	445,000				2033	525,000			
2025	450,000				2034	540,000			
2026	455,000				2035	555,000			
2027	465,000				2036	570,000			
2028	470,000				2037	585,000			
2029	480,000				2038	605,000			
2030	490,000				2039	625,000			

\$ _____ * _____ % Term Bonds Due May 1, 20__ * - Price _____ % CUSIP\$ _____
\$ _____ * _____ % Term Bonds Due May 1, 20__ * - Price _____ % CUSIP\$ _____

THE BONDS MATURING IN THE YEARS 2022* TO 2031*, INCLUSIVE, SHALL NOT BE SUBJECT TO REDEMPTION PRIOR TO MATURITY. THE BONDS MATURING OR SUBJECT TO MANDATORY REDEMPTION ON OR AFTER MAY 1, 2032* ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2031*, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. SEE "THE BONDS – Optional Redemption" HEREIN. THE TERM BONDS MATURING ON MAY 1, 20__ * AND MAY 1, 20__ * ARE SUBJECT TO MANDATORY REDEMPTION AS FURTHER SET FORTH HEREIN. SEE "THE BONDS—Mandatory Redemption of Term Bonds" HEREIN.

The Bonds will be offered when, as and if issued by the City and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Dickinson Wright PLLC, Troy, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about October 19, 2021*.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

STIFEL

The date of this Official Statement is _____, 2021

† As of date of delivery. For an explanation of the ratings, see "RATINGS" herein.

* Preliminary, subject to change.

\$ CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The CUSIP numbers are provided for convenience and reference only. Neither the City nor the Underwriter is responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as set forth in this Official Statement.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the City, The Depository Trust Company and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING" which was obtained from the Underwriter).

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX F - Specimen Municipal Bond Insurance Policy" herein.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the City and the State Treasurer of the State of Michigan, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CITY OF ISHPEMING
100 E. Division
Ishpeming, Michigan 49849
(906) 485-1091

CITY COUNCIL

Lindsay Bean
Mayor

Pat Scanlon
Mayor Pro Tem

Jason Chapman

Elizabeth Firby

Stuart Skauge

ADMINISTRATION

Craig Cugini
City Manager

Cathy Smith
City Clerk

Kaitlyn Feldbauer
City Treasurer

PROFESSIONAL SERVICES

REGISTRAR/PAYING AGENT/
TRANSFER AGENT

U.S. BANK NATIONAL ASSOCIATION
Detroit, Michigan

BOND COUNSEL

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
Detroit, Michigan

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Ann Arbor, Michigan

UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED
Okemos, Michigan

UNDERWRITER'S COUNSEL

DICKINSON WRIGHT PLLC
Troy, Michigan

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OFFICIAL STATEMENT
relating to

\$9,145,000*
CITY OF ISHPEMING
COUNTY OF MARQUETTE, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the City of Ishpeming, County of Marquette, State of Michigan (the "City") of its Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") in the amount of \$9,145,000*.

PURPOSE AND SECURITY

The Bonds are authorized by the City by a resolution adopted on July 7, 2021, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 34, Public Acts of Michigan, 2001, as amended, for the purpose of defraying a portion of the costs of the unfunded pension liability of the City's defined benefit pension plan (the "Closed Defined Benefit Plan") for general government City employees and to pay the costs of issuance incurred with respect to the Bonds. The City Council closed the Closed Defined Benefit Plan for new hires, effective as of January 1, 2020. As part of the closing of the Closed Defined Benefit Plan, the City established a defined contribution plan for certain employees who meet the eligibility requirements. The amount of the unfunded pension liability of the Closed Defined Benefit Plan is based on the valuation of the Closed Defined Benefit Plan's accrued liabilities as of December 31, 2020, and the actuarial value of the Closed Defined Benefit Plan's assets as of December 31, 2020, and assumes an investment return of 7.35%, as determined by the City's actuary for the Closed Defined Benefit Plan. As of December 31, 2020, the unfunded pension liability of the Closed Defined Benefit Plan was \$9,900,769. After the Bonds are issued, the actuarial assumption of the Closed Defined Benefit Plan will include a 7.35% investment rate of return, given the City's ability to diversify the investment portfolio of the Closed Defined Benefit Plan. If the investment return differs from the projected 7.35%, the Closed Defined Benefit Plan will either be overfunded or underfunded. If the Closed Defined Benefit Plan is underfunded, the City will be required to make payments to fully fund the Closed Defined Benefit Plan.

The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance moneys as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

* Preliminary, subject to change.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 29, 2020, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At June 30, 2021:

- The policyholders’ surplus of AGM was approximately \$2,943 million.
- The contingency reserve of AGM was approximately \$947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiaries Assured Guaranty UK Limited (“AGUK”) and Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of Municipal Assurance Corp. ("MAC") into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

Par Amount of Bonds
Total Sources

USES

Deposit to MERS for Unfunded Pension Liability
Underwriter's Discount
Estimated Costs of Issuance**
Total Uses

**Includes bond insurance.

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1, to maturity or early redemption, commencing May 1, 2022. Interest on the Bonds will be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of U.S. Bank National Association, Detroit, Michigan, or its successor will serve as the transfer agent (the "Transfer Agent") and also as bond registrar and paying agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date (the "Record Date"), the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the City or the Transfer Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City or the Transfer Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Rating's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Transfer Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Transfer Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Optional Redemption*

The Bonds maturing in the years 2022* to 2031*, inclusive, shall not be subject to optional redemption prior to maturity. The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2032*, are subject to redemption prior to maturity at the option of the City in such order as the City may determine and by lot within any maturity, on any date occurring on or after May 1, 2031*, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing on May 1, 20__* and May 1, 20__* are term bonds (the "Term Bonds") subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount of such Bonds, without premium, together with interest on such Bonds to the redemption date. When Term Bonds are purchased by the City and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the Term

* Preliminary, subject to change.

Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the City.

Term Bonds Maturing May 1, 20__*

<u>Redemption Dates</u>	<u>Principal Amounts</u>
May 1, 20__	
May 1, 20__	
May 1, 20__	
May 1, 20__	
May 1, 20__ (Maturity)	

Term Bonds Maturing May 1, 20__*

<u>Redemption Dates</u>	<u>Principal Amounts</u>
May 1, 20__	
May 1, 20__	
May 1, 20__	
May 1, 20__	
May 1, 20__ (Maturity)	

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the City. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Transfer Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion

LITIGATION

The City has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the City, no litigation or administrative action or proceeding has been threatened against it, seeking to restrain or enjoin the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriter at the time of the original delivery of the Bonds.

* Preliminary, subject to change.

POTENTIAL IMPACT OF THE COVID – 19 PANDEMIC

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. On March 10, 2020, Michigan Governor Gretchen Whitmer declared a state of emergency across the State, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. The spread of COVID-19 in the United States has slowed dramatically due to the introduction of several vaccines and other factors. Nonetheless, the pandemic has impacted federal, state and local governments, and has altered the behavior of businesses and people in a manner that may have a long-term negative effect on economic activity, and therefore could adversely affect the future financial condition of the City, directly or indirectly.

State of Emergency- Legislative Authority and Executive Orders

In response to the effect of COVID-19 in Michigan, the Governor has exercised broad authority under the Emergency Powers of the Governor Act, Act 302, Public Acts of Michigan, 1945, as amended (“Act 302”) and the Emergency Management Act, Act 390, Public Acts of Michigan, 1976, as amended (“Act 390”). Beginning on March 10, 2020, the Governor issued a series of executive orders declaring a state of emergency and a state of disaster in the State in response to COVID-19, indicating that the state of emergency and state of disaster will terminate on the earlier of a specified date or when emergency and disaster conditions no longer exist.¹

Act 390 requires approval of the legislature to extend an executive order issued pursuant to that statute to continue beyond 28 days. Act 302 is silent on legislative approval. On April 7, 2020, the Michigan Legislature approved the Governor’s extension of the state of emergency and state of disaster through April 30, 2020. On April 30, 2020 the Legislature did not extend the state of emergency and state of disaster under Act 390.

Subsequent to April 30, 2020, the Governor continued to issue executive orders under Act 302 and Act 390 (see “—*Stay-Home Practices and Restricted Activity- Executive Orders*” herein). On May 5, 2020, the Legislature filed suit against the Governor challenging the validity and constitutionality of her executive orders related to COVID-19. On October 12, 2020, the Michigan Supreme Court issued an order finding that (i) the Governor did not have authority after April 30, 2020, to issue or renew any executive orders related to the COVID-19 pandemic under Act 390 and (ii) the Governor did not possess the authority to exercise emergency powers under Act 302 because the statute unlawfully delegates legislative power to the executive branch in violation of the Michigan Constitution. The court’s order was given immediate effect.

The court’s October 12, 2020 order incorporated by reference the analysis and conclusions from its October 2, 2020 opinion in response to a request to answer certified questions in *Midwest Institute Of Health, PLLC v. Governor*, a case pending in the Federal District Court for the Western District of Michigan, which likewise found the Governor’s actions invalid.

Stay-Home Practices and Restricted Activity- Executive Orders

Beginning on March 23, 2020, the Governor issued a series of executive orders directing Michigan businesses and other venues to temporarily suspend or reduce in-person operations that are not necessary to sustain or protect life and further directed individuals to stay in their homes unless they are part of the critical infrastructure workforce. In light of the 2020 Michigan Supreme Court decisions discussed under “—*State of Emergency- Legislative Authority and Executive Orders*” herein, those orders became legally ineffective; however, beginning on October 9, 2020, the Michigan Department of Health and Human Services (“DHHS”) issued a series of statewide orders limiting attendance at various types of gatherings and capacity at various types of venues, including a variety of businesses. Effective June 22, 2021, DHHS rescinded such orders, effectively lifting all such limitations.

Impact on the City and the Bonds

The City has pledged its full faith and credit for the payment of principal of and interest on the Bonds, including collections of ad valorem taxes levied on all taxable property in the City, subject to applicable constitutional, statutory and charter tax rate limitations. The City does not currently anticipate that the 2021 levy of property taxes

¹ All COVID-19-related executive orders and executive directives issued by the Governor, Michigan Department of Health and Human Services epidemic orders, as well as other releases and information regarding COVID-19 in the State, can be accessed at www.michigan.gov/coronavirus.

will be materially affected; however the City cannot predict the effect the spread of COVID-19 will have on collection of those taxes or on future property tax levies and collections.

Although the State's finances have been adversely affected by the continued spread of COVID-19, recent revenue projections have improved. At the State's Consensus Revenue Estimating Conference held in May 2021 (the "May Conference"), consensus revenue estimates for State fiscal year 2020-21 were revised upward from the previous January estimates. The revised State fiscal year 2020-21 estimates projected a 6.2% increase in net combined General Fund-General Purpose and School Aid Fund ("GF-SAF") revenue compared to State fiscal year 2019-20. Relative to State fiscal year 2019-20, net combined GF-SAF revenues were projected to increase 1.9% in State fiscal year 2021-22 and increase 3.3% in State fiscal year 2022-23.

Local units of government, including the City, receive revenue sharing payments from the State under the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are comprised of two components – a constitutional distribution and a statutory distribution. Constitutional revenue sharing payments to local units of government for State fiscal year 2019-20 were nominally lower than in State fiscal year 2018-19. At the May Conference, Constitutional revenue sharing payments for State fiscal year 2020-21 were projected to increase by 10.6% compared to State fiscal year 2019-20. This increase will affect payments to local units of government, including the City. Statutory revenue sharing, which is set by legislative appropriation, has been negatively affected by the COVID-19 pandemic. August 2020 statutory revenue sharing payments were eliminated and replaced with payments from a portion of funds allocated to the State under the federal Coronavirus Aid, Relief and Economic Security Act, Public Law 116-36 (the "CARES Act"), which were equal to or greater than the eliminated August 2020 revenue sharing payments, but were required to be spent in accordance with CARES Act restrictions. The State's enacted fiscal year 2020-21 budget maintains statutory revenue sharing payments at State fiscal year 2019-20 levels prior to the one-time August 2020 elimination referenced above. See "REVENUES FROM THE STATE OF MICHIGAN" in Appendix A hereto. Future State revenue shortfalls or increased spending pressures in other areas, or a combination of the two, whether due to the COVID-19 pandemic or otherwise, may adversely affect future revenue sharing payments to the City.

The City cannot currently predict the ultimate effect the spread of COVID-19 will have on its future finances or operations.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, interest on the Bonds is not excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon and income from the Bonds are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Bonds that are "U.S. holders" (as defined below), deals only with those Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold the Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S.

dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Bonds will be treated, for federal income tax purposes as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Bondholders that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a Bondholder purchases the Bonds for an amount that is less than the adjusted issue price of the Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

The Bonds may be issued with original issue discount ("OID"). Accordingly, Bondholders will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such notes with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss. Bondholders that purchase a Bond for less than its adjusted issue price (generally its accreted value) will have purchased such Bond with market discount unless such difference is considered to be de minimis. Absent an election to accrue market discount currently, upon sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year will be deferred. A Bondholder that has a basis in the Bond that is greater than its adjusted issue price (generally its accreted value), but that is less than or equal to its principal amount, will be considered to have purchased the Bond with "acquisition premium." The amount of OID that such Bondholder must include in gross income with respect to such Bonds will be reduced in proportion that such excess bears to the OID remaining to be accrued as of the acquisition of the Bond. A Bondholder may have a basis in its pro rata share of the Bonds that is greater than the principal amount of such Bonds. Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Bonds under Section 171 of the Code.

Upon a sale, exchange or retirement of a Bond, a holder generally will recognize taxable gain or loss on such Bond equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondholder's adjusted tax basis in such Bond. Defeasance of the Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Bond will (in general) equal its original purchase price and decreased by any principal payments

received on the Bond. In general, if the Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

In addition to regular income tax, certain non-corporate U.S. holders will owe a 3.8 percent tax on the lesser of (i) “net investment income” or (ii) the excess of “modified adjusted gross income” of the Bondholder over \$200,000 for unmarried individuals (\$250,000 for married couples filing jointly and a surviving spouse). Bondholders should consult with their own tax advisors regarding the application of such net investment income tax.

In general, information reporting requirements will apply to non-corporate holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of Bonds under Section 3406 of the Code. Any amounts withheld under backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the requested information is furnished to the Internal Revenue Service.

Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Bonds.

There are certain additional federal income tax consequences of the purchase, ownership and disposition of the Bonds. Such federal income tax consequences include, but are not limited to, matters related to acquisition premium, amortizable bond premium, gain or loss on disposition, market discount, information reporting and backup withholding.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX D. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

Certain legal matters will be passed upon for the Underwriter by its counsel, Dickinson Wright PLLC, Troy, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

By letter dated September 13, 2021, the Department of Treasury of the State of Michigan has approved the issuance of the Bonds by the City in accordance with Section 518(9) of Act 34.

RATINGS

S&P Global Ratings (“S&P”) is expected to assign its municipal bond rating of “AA” to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy will be issued by AGM. In addition, S&P will also assign its underlying municipal bond rating of “A” to the Bonds, without regard to municipal bond insurance. No application has been made to any other ratings service for a rating on the Bonds. The City furnished to S&P certain materials and information in addition to that provided here. Generally, the rating agency bases its rating on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Any rating assigned represent only the view of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, NY 10014, (212) 438-1000.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the City. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the City the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee equals _____ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the status of the Bonds or interest thereon as exempt from taxation in the State (except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof) and (ii) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the City will provide to the Underwriter within seven business days of the date of the Bond Purchase Agreement sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing portions of the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. PFM Financial Advisors LLC is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the Bonds should be addressed to PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, are set forth in APPENDIX E, "FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the City to comply with its Undertaking will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking. A failure by the City to comply with its Undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of

the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City has not failed to comply with the requirements as described in section (b)(5) of the Rule of any undertaking made by the City in the last five years.

OTHER MATTERS

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The City has neither sought nor received the consent of its independent auditors to the use of the City's financial statements herein.

The City certifies that to the best of its knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

CITY OF ISHPERING
COUNTY OF MARQUETTE
STATE OF MICHIGAN

By: _____

Its: _____

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**CITY OF ISHPERING
GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION**

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APPENDIX A*
CITY OF ISHPEMING
GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION

LOCATION AND DESCRIPTION

The City of Ishpeming (the “City”) covers an area of approximately nine square miles. The City is located in the central portion of Michigan’s Upper Peninsula in the County of Marquette.

POPULATION

The U.S. Census reported population numbers for the City and the County of Marquette are as follows:

	<u>City of Ishpeming</u>	<u>% Change</u>	<u>County of Marquette</u>	<u>% Change</u>
2020 U.S. Census	6,140	-5.10%	66,017	-1.58%
2010 U.S. Census	6,470	-3.23	67,077	3.78
2000 U.S. Census	6,686	-7.14	64,634	-8.82
1990 U.S. Census	7,200	--	70,887	--

Source: U.S. Census Bureau.

FISCAL YEAR

The City’s fiscal year begins on January 1st and ends on December 31st.

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as “Taxable Value”. Since 1995, taxable property has had two valuations—State Equalized Value (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

*Information included in Appendix A of this Official Statement was obtained from the City unless otherwise noted.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

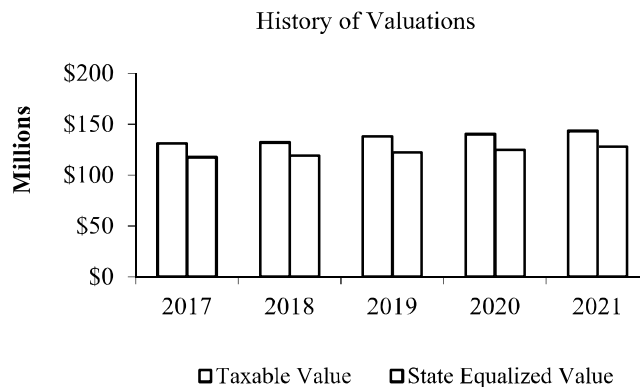
Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

History of Valuations

A history of the property valuations in the City is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2020	2021	\$128,030,292	2.61%	\$143,325,220	2.23%
2019	2020	124,772,002	2.24	140,201,885	1.59
2018	2019	122,040,890	2.51	138,009,501	4.56
2017	2018	119,051,848	1.36	131,992,005	0.61
2016	2017	117,454,450	---	131,188,112	---

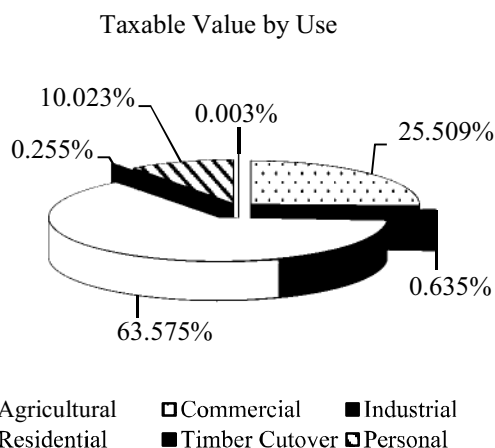
Source: City of Ishpeming



Valuation Composition

A breakdown of the City's 2021 Taxable Value by class and use is as follows:

By Class:	2021 Taxable Value	Percent of Total
Real Property	\$115,197,872	89.98%
Personal Property	12,832,420	10.02
TOTAL	\$128,030,292	100.00%
By Use:		
Agricultural	\$4,220	0.003%
Commercial	32,659,817	25.509
Industrial	812,889	0.635
Residential	81,395,023	63.575
Timber Cutover	325,923	0.255
Personal	12,832,420	10.023
TOTAL	\$128,030,292	100.000%



Source: City of Ishpeming

TAX INCREMENT AUTHORITIES

Act 57 of the Public Acts of Michigan, 2018, as amended (the "Recodified Tax Increment Financing Act") and Act 381 of the Public Acts of Michigan, 1996, as amended (the "Brownfield Act") (together the "TIF Acts") authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts, Corridor Improvement Authority ("CIA") Districts or Brownfield Redevelopment Authority ("BRDA") Districts, which are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

The City has a DDA with a 2021 captured taxable value of \$9,029,229 which captures the City's millage.

Source: City of Ishpeming.

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions became effective. Pursuant to voter approval in August 2014, the 2014 legislation, as subsequently amended, also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduced the state use tax and created a Local Community Stabilization Authority which levies a local use tax component and distributes that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the City's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

MAJOR TAXPAYERS

The City's top ten taxpayers and their 2021 Taxable Value are as follows:

Taxpayer	Product/Service	Taxable Value
Bell Memorial Hospital	Hospital	\$9,863,300
UPPCO	Utility	6,220,780
American Transmission	Utility	1,925,104
ABC Storage MI LLC *	Storage Facility	1,364,150
SEMCO Energy	Utility	1,116,036
Acquisition Bell Hospital	Hospital	1,005,634
Midtown Apts. Property LLC	Apartment Complex	869,281
Ishpeming Community FCU	Credit Union	855,745
Ishpeming Lodge Inc.	Vacation Lodge Rentals	848,418
Niemi Group Inc.	Electrical Contractors	847,112
TOTALS		\$24,915,560
Total 2021 Taxable Value		\$128,030,292
Top 10 Taxpayers as a % of 2021 Total Taxable Value		19.46%

*Appealing its 2020 taxes with the Michigan Tax Tribunal.

Source: City of Ishpeming

CONSTITUTIONAL ROLLBACK AND ASSESSMENT CAPS

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total City tax rates for the past five years.

Purpose	2020	2019	2018	2017	2016
Operating	13.1795	13.3545	13.3545	13.4433	13.4433
Retirement - Act 345	2.4762	2.2670	1.9835	1.5300	1.4844
Public Improvements	4.3930	4.4514	4.4514	4.4810	4.4810
Debt (Fire Equipment)	0.8822	0.8940	0.8940	0.9000	0.0000
City Total	<u>20.9309</u>	<u>20.9669</u>	<u>20.6834</u>	<u>20.3543</u>	<u>19.4087</u>

Source: City of Ishpeming and Marquette County Equalization Department

TAX RATE LIMITATIONS

The City Charter provides tax rate limitations as follows:

Purpose	Millage Authorized	2020 Maximum Allowable Millage after Rollback	2020 Millage Levied	Expiration Date of Levy
Operating	15.0000	13.1795	13.1795	N/A
Retirement - Act 345	N/A	N/A	2.4762	N/A
Public Improvements	5.0000	4.3930	4.3930	N/A
Voted Debt - Fire Equipment	N/A	N/A	0.8822	2028

The City may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

Purpose	Authority	Rate per \$1,000 of Taxable Value
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

On November 7, 1978, Article IX, Section 6, of the 1963 Michigan Constitution was amended placing certain limitations on increases of taxes. The amendment did not, and will not, limit the levy of taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the amendment became effective, nor will the amendment limit taxes imposed for the payment of bonds or other indebtedness issued, or incurred, after their effective date if said bonds, or other indebtedness, have been approved by the voters.

Additionally, Article IX, Section 6, of the 1963 Michigan Constitution, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds or bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with the State law.

Source: City of Ishpeming

OTHER JURISDICTIONS' TAX RATES - (Per \$1,000 of Valuation)

The following table provides the 2020 and 2019 tax rates for the municipal units of government that are located within the City's boundaries.

Taxing Jurisdiction	2020	2019
County of Marquette	7.5906	7.6207
Iron Ore Heritage Trail	0.1984	0.1999
Ishpeming Public Schools		
Non- Principal Residence	26.4416	26.4728
Principal Residence	8.4416	8.4728
State Education Tax	6.0000	6.0000
Marquette-Alger ISD	2.2040	2.2048

Source: Marquette County Equalization Department

TAX LEVIES AND COLLECTIONS

The City's property taxes are due December 1 of each year and are payable without penalty or interest on or before the following February 14. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection. Marquette County annually pays from its Tax Revolving Fund delinquent taxes on real property to all taxing units in the County including the City's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. A history of tax levies and collections for the City is as follows:

<u>Levy Year</u>	<u>Operating Tax Levy</u>	<u>Collections to March 1, Following Year</u>	
2020	\$1,548,817	\$1,398,741	90.31%
2019	1,515,020	1,364,841	90.09
2018	1,493,544	1,346,951	90.18
2017	1,519,953	1,391,574	91.55
2016	1,476,712	1,340,446	90.77

Source: City of Ishpeming

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On September 30, 2020, Governor Whitmer signed into law the budget for fiscal year 2021. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$851.8 million. The budget continues the incentive-based revenue sharing program known as the City, Village, and Township Revenue Sharing (or "CVTRS") program begun in fiscal year 2015 that distributes revenue sharing to cities, villages and townships that meet requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. The CVTRS program is funded at \$261.0 million for fiscal year 2021, and each city, village and township that received a CVTRS distribution in fiscal year 2020 is eligible to receive a payment equal to 100.0% of its 2020 distribution. Each city, village or township that is determined to have a retirement pension benefit system in underfunded status under section 5 of Act 202, Public Acts of Michigan, 2017, must allocate the 2021 incremental increase to its unfunded pension liability. The fiscal year 2021 budget continues funding for the revenue sharing grant program for financially distressed communities at the 2020 level of \$2.5 million.

Any portion of the CVTRS payment that the City would be eligible to receive would be subject to certain benchmarks that the City would need to meet, and there can be no assurance what amount, if any, the City would receive under the CVTRS program. The City received CVTRS payments of \$277,300 in fiscal year 2020 and anticipates meeting the requirements to receive \$332,760 in CVTRS payments for fiscal year 2021.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the City for the State's fiscal years ended September 30, 2016 through September 30, 2020 and the estimated revenue sharing payments for the State's fiscal year ending September 30, 2021.

State of Michigan Fiscal Year Ended September 30th	Constitutional Payments	CVT Payments	Supplemental Payments	Total Revenue Sharing Payments ¹
2021	\$617,758 ²	\$332,760 ²	\$0	\$950,518 ²
2020	558,479	277,300	0	835,779
2019	559,022	320,052	5,227	884,301
2018	534,639	320,052	5,254	859,945
2017	520,882	320,052	0	840,934
2016	492,496	320,052	0	812,548

¹Amounts do not include state gas and weight tax distributions

²Estimated.

Source: Department of Treasury via website at www.michigan.gov/treasury

LABOR FORCE

A breakdown of the number of employees of the City and their affiliation with organized groups follows:

No. of Employees	Bargaining Unit	Exp. Date of Contract
17	Department of Public Works (AFSCME - AFL-CIO)	12/31/21
11	Police Officers (Wisconsin Professional Police Assoc.)	12/31/21
4	Clerical (AFSCME - AFL-CIO)	12/31/21
1	Supervisors (Local 1282 Michigan Council #25 AFSCME - AFL-CIO)	12/31/21
5	Non-Affiliated	N/A
<u>38</u>		

The City has not experienced a strike by any of its bargaining units within the past ten years.

Source: City of Ishpeming

PENSION FUND

The City has two pension plans which cover substantially all employees. The Police and Fire pension program and the Municipal Employees Retirement System ("MERS") are both contributory plans. The MERS defined benefit pension plan was closed to all AFSCME union employees hired after January 1, 2020. New hires after January 1, 2020 will be placed in a MERS defined contribution plan. The City's contribution to the MERS plan is based upon a percentage of gross earnings for all members of the Municipal Employees Retirement System. Police and Fire participants in the Police and Firemen Retirement System contribute 5% of their gross earnings to the retirement fund. The City's contribution to the Police and Firemen Retirement System is based upon a percentage of gross earnings from members of the system. See Appendix C: Audited Financial Statements - Note N (Defined Benefit Pension Plan) and Note O (Policemen and Firemen – Defined Benefit Pension Plan) for a further description of the pension plans. The City's contributions for the five most recent fiscal years are shown below:

Year	MERS ¹ Contributions	Police and Fire Contributions
2020	\$808,559	\$257,010
2019	825,950	229,122
2018	601,641	178,625
2017	565,838	163,520
2016	537,665	188,906

¹MERS defined benefit plans are closed to AFSCME new hires as of January 1, 2020. MERS now invoices the City of Ishpeming a flat monthly payment rather than a percentage of payroll.

MERS -- Defined Benefit Pension Plan

At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	42
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	28
Total employees covered by the plan	<u>74</u>

Schedule of Employer Contributions

Fiscal Year Ending Dec. 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2020	\$808,559	\$808,559	\$0	\$1,492,241	54.18%
2019	774,794	825,950	(51,156)	1,331,729	62.02
2018	601,641	601,641	0	1,312,420	45.84
2017	565,838	565,838	0	1,296,057	43.66
2016	537,665	537,665	0	1,229,890	43.72

Schedule of Changes in Net Pension Liability and Related Ratios

	For the Fiscal Year Ended December 31				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$235,763	\$209,452	\$202,632	\$200,575	\$183,436
Interest	1,280,589	1,303,816	1,267,953	1,209,026	1,177,043
Change in Benefit Terms	---	(138)	(24)	(131)	---
Differences between Expected and Actual Experience	219,561	278,635	42,208	426,449	(240,242)
Changes in Assumptions	571,248	---	---	---	805,071
Benefit Payments, Including Refunds	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Other	(62,771)	(110,789)	83,985	(11,304)	(96,136)
Net Change in Total Pension Liability	\$1,100,468	\$540,912	\$433,065	\$810,210	\$859,379
Total Pension Liability - Beginning	\$17,303,930	\$16,763,018	\$16,329,953	\$15,519,743	\$14,660,364
Total Pension Liability - Ending	\$18,404,398	\$17,303,930	\$16,763,018	\$16,329,953	\$15,519,743
 Plan Fiduciary Net Position					
Contributions - Employer	\$808,559	\$825,950	\$601,641	\$565,838	\$537,665
Contributions - Member	87,601	99,950	81,803	81,314	141,948
Net Investment Income (Loss)	1,064,923	1,028,801	(316,588)	1,019,969	822,998
Benefit Payments, Including Refunds	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Administrative Expense	(16,882)	(17,706)	(16,112)	(16,175)	(16,241)
Other	---	---	2	---	---
Net Change in Plan Fiduciary Net Position	\$800,279	\$796,931	(\$812,943)	\$636,541	\$516,577
Plan Fiduciary Net Position - Beginning	\$8,466,328	\$7,669,397	\$8,482,340	\$7,845,799	\$7,329,222
Plan Fiduciary Net Position - Ending	\$9,266,607	\$8,466,328	\$7,669,397	\$8,482,340	\$7,845,799
 City's Net Pension Liability	\$9,137,791	\$8,837,602	\$9,093,621	\$7,847,613	\$7,673,944
 Plan Fiduciary Net Position as a % of the					
Total Pension Liability	50.35%	48.93%	45.75%	51.94%	50.55%
Covered Employee Payroll	\$1,492,241	\$1,331,729	\$1,312,420	\$1,296,057	\$1,229,890
City's Net Pension Liability as a % of Covered Employee Payroll	612.35%	663.62%	692.89%	605.50%	623.95%

The Bonds described herein will be issued to fund a portion of the City's Unfunded Actuarial Accrued Liability ("UAAL") for the City's Municipal Employees' Retirement System ("MERS") closed defined benefit pension plan. The City is expecting to use the proceeds in an approximate amount of \$8,955,208.05* to fund a portion of the UAAL attributable to the MERS pension plan. The Comprehensive Financial Plan related to the funding of the pension liability can be found at: <https://ishpemingcity.org>.

*Preliminary, subject to change.

Police and Fire Retirement System -- Defined Benefit Pension Plan

At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	9
Total employees covered by the plan	<u>33</u>

Schedule of Employer Contributions

Fiscal Year Ending Dec. 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2020	\$243,719	\$257,010	(\$13,291)	\$589,469	43.60%
2019	214,696	229,122	(14,426)	515,441	44.45
2018	178,606	178,625	(19)	486,037	36.75
2017	171,758	163,490	8,268	475,382	34.39
2016	181,160	188,906	(7,746)	424,035	44.55

Schedule of Changes in Net Pension Liability and Related Ratios

	For the Fiscal Year Ended December 31				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	N/A	\$107,651	\$108,783	\$106,350	\$91,455
Interest	N/A	454,476	450,415	440,259	431,723
Differences between Expected and Actual Experience	N/A	(122,404)	(7,962)	68,626	(142,763)
Changes in Assumptions	N/A	---	---	---	178,587
Benefit Payments, Including Refunds	N/A	(500,023)	(485,291)	(457,439)	(431,579)
Other Changes	N/A	---	---	---	(1)
Net Change in Total Pension Liability	---	(\$60,300)	\$65,945	\$157,796	\$127,422
Total Pension Liability - Beginning	\$6,628,402	\$6,688,702	\$6,622,757	\$6,464,961	\$6,337,539
Total Pension Liability - Ending	<u>\$6,628,402</u>	<u>\$6,628,402</u>	<u>\$6,688,702</u>	<u>\$6,622,757</u>	<u>\$6,464,961</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$257,009	\$229,122	\$178,625	\$163,490	\$188,906
Contributions - Member	28,275	24,114	24,981	24,927	26,124
Net Investment Income (Loss)	630,413	753,628	(405,208)	561,745	211,257
Benefit Payments, Including Refunds	(462,717)	(500,023)	(485,291)	(457,439)	(431,579)
Administrative Expense	(43,884)	(18,501)	(19,633)	(11,797)	---
Other Changes	---	---	---	---	(1)
Net Change in Plan Fiduciary Net Position	\$409,096	\$488,340	(\$706,526)	\$280,926	(\$5,293)
Plan Fiduciary Net Position - Beginning	\$4,483,501	\$3,995,161	\$4,701,687	\$4,420,761	\$4,426,054
Plan Fiduciary Net Position - Ending	<u>\$4,892,597</u>	<u>\$4,483,501</u>	<u>\$3,995,161</u>	<u>\$4,701,687</u>	<u>\$4,420,761</u>
City's Net Pension Liability	\$1,735,805	\$2,144,901	\$2,693,541	\$1,921,070	\$2,044,200
Plan Fiduciary Net Position as a % of the Total Pension Liability	73.81%	67.64%	59.73%	70.99%	68.38%
Covered Employee Payroll	N/A	\$515,441	\$486,037	\$475,382	\$424,035
City's Net Pension Liability as a % of covered employee payroll	N/A	416.13%	554.18%	404.11%	482.08%

Source: City of Ishpeming and Audited Financial Statements

OTHER POST-EMPLOYMENT BENEFITS

The City contributes to a Post Employment Health Plan (PEHP) administered by Nationwide Retirement Solutions. The contributions are made for current, active employees in accordance with City ordinances and collective bargaining agreements. The criteria to determine eligibility is defined in the Employer Participation Agreement for the Post-Employment Health Plan for Public Employees. Contributions to the plan are shared 50% by the City and 50% by the employee. In 2020, the City contributed \$28,486 to the plan.

Source: City of Ishpeming and Audited Financial Statements

DEBT STATEMENT* - (As of 09/16/21 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding	
<i>General Obligation Bonds:</i>					
10/15/15	Bldg. Auth., Series 2015A	LT	08/01/45	\$1,223,000	
01/14/16	Bldg. Auth., Series 2016	LT	08/01/45	217,000	
10/26/17	Public Safety Fire Equipment	UT	05/01/29	595,000	
06/22/21	Refunding	LT	03/01/30	2,030,000	
___/___/21	Pension Obligation	LT	05/01/39	9,145,000	*
<i>Total General Obligation Bonds</i>				\$13,210,000	*
<i>Revenue Bonds:</i>					
07/20/17	Utilities Water	REV	06/01/57	8,382,000	
TOTAL DIRECT DEBT				\$21,592,000	*
Less: Revenue Bonds				(\$8,382,000)	
NET DIRECT DEBT				\$13,210,000	*

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	City's Share	
94.94%	Ishpeming Public Schools	\$8,065,000	\$7,656,911	
4.84	County of Marquette	0	0	
4.17	Marquette-Alger ISD	0	0	
TOTAL OVERLAPPING DEBT			7,656,911	*
NET DIRECT AND OVERLAPPING DEBT			<u>\$20,866,911</u>	*

*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

DEBT RATIOS* - (As of 09/16/21 – including the Bonds described herein)

2020 Estimated Population	6,140
2021 Taxable Value	\$128,030,292
2021 State Equalized Value (SEV)	\$143,325,220
2021 True Cash Value (TCV)	\$286,650,440
Per Capita 2021 Taxable Value	\$20,851.84
Per Capita 2021 State Equalized Value	\$23,342.87
Per Capita 2021 True Cash Value	\$46,685.74
Per Capita Net Direct Debt	\$2,151.47
Per Capita Net Direct and Overlapping Debt	\$3,398.52
Percent of Net Direct Debt of 2021 Taxable Value	10.32%
Percent of Net Direct and Overlapping Debt of 2021 Taxable Value	16.30%
Percent of Net Direct Debt of 2021 SEV	9.22%
Percent of Net Direct and Overlapping Debt of 2021 SEV	14.56%
Percent of Net Direct Debt of 2021 TCV	4.61%
Percent of Net Direct and Overlapping Debt of 2021 TCV	7.28%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 09/16/21 – including the Bonds described herein)

2021 State Equalized Value (SEV)	\$143,325,220
Plus: Equivalent SEV of State Revenue Sharing**	39,930,390
Total Equivalent Valuation	<u>\$183,255,610</u>
Legal Debt Limit - 10% of SEV	\$18,325,561
Total Bonded Debt Outstanding	\$21,592,000
Less: Revenue Bonds	<u>(8,382,000)</u>
Net Amount Subject to Legal Debt Limit	<u>\$13,210,000</u>
LEGAL DEBT MARGIN AVAILABLE	<u><u>\$5,115,561</u></u>

*Preliminary, subject to change.

**As authorized in section 4a(9) of the Home Rule City Act (Act 279 of 1909), MCL sec. 4a(9). Represents state shared revenue of \$835,779 divided by the total City millage rate of 20.9309 x \$1,000.

OTHER BORROWING

The City has the following short-term borrowing outstanding:

Dated Date	Description	Maturity Date	09/01/21 Balance
06/26/19	Snowplow	06/26/24	\$88,708
08/03/20	Dodge Durango Police Car	08/03/22	11,946
01/22/21	Dump Truck	01/22/25	43,943
	TOTAL		<u><u>\$144,597</u></u>

DEBT HISTORY

The City has no record of default on its obligations.

FUTURE FINANCING

The City does not have plans for additional capital financings in the next 12 months.

SCHEDULE OF BOND MATURITIES* - (As of 09/16/21 – including the Bonds described herein)

Year	Building Authority Bonds	General Obligation Bonds	Revenue Bonds	TOTAL	Percent Repaid
2022	\$39,000	\$705,000	\$157,000	\$901,000	
2023	40,000	730,000	161,000	931,000	
2024	42,000	730,000	164,000	936,000	
2025	44,000	740,000	168,000	952,000	
2026	45,000	760,000	171,000	976,000	22%
2027	46,000	775,000	175,000	996,000	
2028	48,000	795,000	179,000	1,022,000	
2029	50,000	795,000	182,000	1,027,000	
2030	52,000	720,000	186,000	958,000	
2031	53,000	500,000	190,000	743,000	44%
2032	55,000	515,000	194,000	764,000	
2033	58,000	525,000	198,000	781,000	
2034	60,000	540,000	203,000	803,000	
2035	61,000	555,000	207,000	823,000	
2036	64,000	570,000	211,000	845,000	62%
2037	66,000	585,000	216,000	867,000	
2038	68,000	605,000	220,000	893,000	
2039	71,000	625,000	225,000	921,000	
2040	74,000	0	230,000	304,000	
2041	76,000	0	235,000	311,000	78%
2042	79,000	0	240,000	319,000	
2043	82,000	0	245,000	327,000	
2044	84,000	0	250,000	334,000	
2045	83,000	0	255,000	338,000	
2046	0	0	261,000	261,000	85%
2047	0	0	266,000	266,000	
2048	0	0	272,000	272,000	
2049	0	0	278,000	278,000	
2050	0	0	284,000	284,000	
2051	0	0	290,000	290,000	91%
2052	0	0	296,000	296,000	
2053	0	0	302,000	302,000	
2054	0	0	309,000	309,000	
2055	0	0	315,000	315,000	
2056	0	0	322,000	322,000	98%
2057	0	0	325,000	325,000	100%
	<u>\$1,440,000</u>	<u>\$11,770,000</u>	<u>\$8,382,000</u>	<u>\$21,592,000</u>	

*Preliminary, subject to change.

LARGEST EMPLOYERS

Listed below are the largest employers that are located within the City and the County of Marquette:

Employer	Product or Service	Approx. No. of Employees
<i>Within the City (50+ employees)</i>		
Cleveland-Cliffs Ore Corp.	Mining, Iron Ore Pellets	1,000
UP Health System Bell	Health Care	300
Marquette County Medical Care Facility	Skilled Nursing Care Facility	260
Ishpeming Public Schools	Education	108
Mission Point Nursing & Phys. Rehab Ctr.	Nursing Rehab	80
Robbins, Inc.	Hardwood Flooring	75
McDonald's of Ishpeming	Restaurant	50
<i>Marquette County (173+ employees)</i>		
UP Health System	Healthcare	1,599
Northern Michigan University	Higher Education	914
Peninsula Medical Center	Health Care	650
Marquette Area Public Schools	Education	448
Walmart Stores, Inc.	Retail	392
Michigan Department of Corrections	Prison	350
Meijer	Supermarket	310
County of Marquette	Government	251
RTI Surgical, Inc.	Medical Devices	250
Negaunee Public Schools	Education	173

Source: 2020 Michigan Manufacturers Directory, Lake Superior Community Partnership website, Manta via www.manta.com and individual employers.

As a result of the restrictions put in place by the Governor's various Orders, some entities listed above may be operating under remote working environments and/or have temporarily or permanently laid off employees. See "POTENTIAL IMPACT OF THE COVID-19 PANDEMIC" in this Official Statement.

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2015-2019 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	2,774	100.00%	30,540	100.00%
Management, Business, Science & Arts	767	27.65	10,313	33.77
Service	608	21.92	6,765	22.15
Sales & Office	518	18.67	7,121	23.32
Natural Resources, Construction & Maintenance	433	15.61	3,185	10.43
Production, Transportation & Material Moving	448	16.15	3,156	10.33

The U.S. Census Bureau, 2015-2019 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	2,774	100.00%	30,540	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	162	5.84	1,186	3.88
Construction	304	10.96	1,948	6.38
Manufacturing	227	8.18	1,976	6.47
Wholesale Trade	27	0.97	468	1.53
Retail Trade	281	10.13	4,319	14.14
Transportation	84	3.03	1,227	4.02
Information	39	1.41	506	1.66
Finance, Insurance & Real Estate	154	5.55	1,559	5.10
Professional & Management Services	202	7.28	2,297	7.52
Educational, Health & Social Services	756	27.25	8,436	27.63
Arts, Entertainment, Recreation & Food Services	315	11.36	3,692	12.09
Other Professional & Related Services	121	4.36	1,368	4.48
Public Administration	102	3.68	1,558	5.10

UNEMPLOYMENT RATES

The U.S. Department of Labor, Bureau of Labor Statistics reports unemployment averages for the County of Marquette as compared to the State of Michigan as follows:

Annual Average	County of Marquette	State of Michigan
July, 2021*	4.9%	5.0%
2020*	8.3	9.9
2019	4.8	4.1
2018	4.9	4.2
2017	5.5	4.6
2016	5.8	5.0

*The above unemployment figures reflect job losses arising from the COVID-19 pandemic.

POPULATION BY AGE

The 2010 U.S. Census estimate of population by age for the County of Marquette is as follows:

	County of Marquette	
	Number	Percent
Total Population	67,077	100.00%
0 through 19 years	15,396	22.95
20 through 64 years	41,854	62.40
65 years and over	9,827	14.65

Median Age 39.4 years

INCOME

The U.S. Census Bureau, 2015-2019 American Community Survey estimate of household income for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	2,832	100.00%	26,552	100.00%
Less than \$ 10,000	189	6.67	1,827	6.88
\$ 10,000 to \$ 14,999	159	5.61	1,245	4.69
\$ 15,000 to \$ 24,999	338	11.94	2,482	9.35
\$ 25,000 to \$ 34,999	386	13.63	2,860	10.77
\$ 35,000 to \$ 49,999	497	17.55	3,885	14.63
\$ 50,000 to \$ 74,999	618	21.82	5,503	20.73
\$ 75,000 to \$ 99,999	352	12.43	3,602	13.57
\$100,000 to \$149,999	208	7.34	3,397	12.79
\$150,000 to \$199,999	52	1.84	1,005	3.79
\$200,000 or MORE	33	1.17	746	2.80
Median Income	\$46,299		\$53,970	

**CITY OF ISHPEMING
GENERAL FUND BUDGET SUMMARIES AND
COMPARATIVE FINANCIAL STATEMENTS**

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APPENDIX B

GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

City of Ishpeming General Fund Budget

	As Amended 2021
Revenues:	
Taxes	\$1,666,485
Licenses & Permits	153,000
State Grants	904,750
Charges for Services	42,150
Fines & Forfeits	43,530
Interest & Rentals	4,200
Land Sale/Leases	1,600
Other Revenues and Other Financing Sources	26,200
Total Revenues	<u>\$2,841,915</u>
Expenditures:	
General Government	\$1,220,917
Public Safety	1,034,391
Public Works	378,105
Recreational and Cultural	406,121
Other & Transfers Out	5,500
Total Expenditures	<u>\$3,045,034</u>
Excess of Expenditures (over) under Revenues	<u>(\$203,119)</u>
Fund Balance - January 1	<u>\$910,960</u>
Projected Fund Balance - December 31	<u><u>\$707,841</u></u>

Source: City of Ishpeming

**City of Ishpeming
General Fund**

Comparative Balance Sheet

	For Fiscal Years Ended December 31		
	2018	2019	2020
Assets:			
Cash and Cash Equivalents	\$1,210,979	\$1,332,686	\$1,208,462
Investments	48,000	48,000	48,000
Accounts Receivable, Net	46,241	27,802	22,301
Taxes Receivable	1,524,678	1,347,156	1,394,917
Other Receivable	3,698	3,890	3,539
Due From Other Governments	146,239	151,638	149,257
Due From Other Funds	144,929	150,467	162,667
Inventory	49,605	102,131	173,192
Total Assets	<u>\$3,174,369</u>	<u>\$3,163,770</u>	<u>\$3,162,335</u>
Liabilities:			
Accounts Payable	\$86,869	\$75,548	\$98,208
Due to Component Unit	595,955	558,707	521,460
Accrued Payroll and Related	62,247	67,723	38,481
Accrued Sick and Vacation Leave	9,870	20,822	19,436
Accrued Liabilities	916	---	---
Total Liabilities	<u>\$755,857</u>	<u>\$722,800</u>	<u>\$677,585</u>
Deferred Inflows of Resources:			
Taxes Levied for a Subsequent Period	<u>\$1,524,678</u>	<u>\$1,543,220</u>	<u>\$1,573,790</u>
Total Fund Balance	<u>\$1,524,678</u>	<u>\$1,543,220</u>	<u>\$1,573,790</u>
Fund Balance:			
Non-spendable	\$49,605	\$102,131	\$173,192
Assigned	33,960	33,960	960
Unassigned	<u>810,269</u>	<u>761,659</u>	<u>736,808</u>
Total Fund Balance	<u>\$893,834</u>	<u>\$897,750</u>	<u>\$910,960</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$3,174,369</u>	<u>\$3,163,770</u>	<u>\$3,162,335</u>

Source: Audited Financial Statements

**City of Ishpeming
General Fund**

**Comparative Statement of Revenues,
Expenditures and Changes in Fund Balance**

	For Fiscal Years Ended December 31		
	2018	2019	2020
Revenue:			
Taxes	\$1,613,349	\$1,596,500	\$1,621,636
Federal Sources	---	27,287	120,242
State Sources	882,915	910,665	858,101
Licenses and Permits	171,834	170,973	155,489
Charges for Services	86,750	88,597	83,656
Interest Income and Rentals	7,645	10,746	4,886
Contributions	6,975	6,882	---
Fines and Forfeitures	56,716	48,750	49,912
Other Revenues	26,581	61,838	97,165
Total Revenue	<u>\$2,852,765</u>	<u>\$2,922,238</u>	<u>\$2,991,087</u>
Expenditures:			
Current:			
Legislative	\$15,582	\$30,206	\$13,714
General Government	1,278,301	1,294,343	1,237,616
Public Safety	841,850	840,553	1,010,394
Public Works	394,180	377,957	306,421
Community and Economic Development	32,202	30,387	45,642
Recreation and Culture	348,484	347,304	369,101
Total Expenditures	<u>\$2,910,599</u>	<u>\$2,920,750</u>	<u>\$2,982,888</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(\$57,834)</u>	<u>\$1,488</u>	<u>\$8,199</u>
Other Financing Sources (Uses):			
Insurance Recoveries	\$64,268	---	---
Operating Transfers In	7,085	\$7,056	\$12,200
Operating Transfers Out	<u>(5,347)</u>	<u>(4,628)</u>	<u>(7,189)</u>
Total Other Financing Sources (Uses):	<u>\$66,006</u>	<u>\$2,428</u>	<u>\$5,011</u>
Excess of Revenue & Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$8,172</u>	<u>\$3,916</u>	<u>\$13,210</u>
Fund Balance - Beginning	<u>\$885,662</u>	<u>\$893,834</u>	<u>\$897,750</u>
Fund Balance - Ending	<u><u>\$893,834</u></u>	<u><u>\$897,750</u></u>	<u><u>\$910,960</u></u>

Source: Audited Financial Statements

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**CITY OF ISHPEMING
AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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PARTNERS
ROBERT E. TACKMAN, CPA
CHRISTOPHER A. ANDERSON, CPA
JAMES E. ANDERSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Ishpeming, Michigan
100 East Division Street
Ishpeming, Michigan 49849

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

City Council of the
City of Ishpeming, Michigan

Opinions

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ishpeming, Michigan's basic financial statements. The Other Financial Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Ishpeming, Michigan's (the City) basic financial statements for the year ended December 31, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The major governmental funds budgetary comparison schedules and the enterprise funds' and internal service fund's comparative statements related to the 2019 financial statements for the year ended December 31, 2019, are 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 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2019 major governmental funds budgetary comparison schedules and the enterprise funds' and internal service fund's comparative statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of the City'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.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 24, 2021

City of Ishpeming, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of Ishpeming, Michigan's (the City) financial performance provides an overview of the City's financial activities for the year ended December 31, 2020. Please read it in conjunction with the financial statements included below.

FINANCIAL HIGHLIGHTS

- Net position for the City as a whole increased by \$1,911,908 as a result of this year's operations. Net position of our business-type activities increased by \$1,033,848 or 6 percent, and net position of our governmental activities increased by \$878,060 or 8 percent.
- During the year, the City had expenses for governmental activities that were \$5,628,348 and generated \$6,506,408 in general revenues and other program sources.
- The City's business-type activities had expenses of \$3,164,990 and generated \$4,198,838 in revenues.
- The General Fund reported a net change in fund balance of \$13,210; this is \$113,801 higher than the forecasted decrease of \$100,591.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented below as listed in the table of contents. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole is included below. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

These two statements present financial information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources with the difference reported as net position. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer and water systems and activities are reported here.
- **Component Units** – The City includes one separate legal entity in its report – The Downtown Development Authority. Although legally separate, this component unit is included because the City is financially accountable for it.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds is presented below. The fund financial statements provide detailed information on the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Position and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The City as Trustee

The City is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City as a Whole

Table 1 provides a summary of the City's net position as of December 31, 2020 and 2019.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$7,524,312	\$7,029,489	\$3,450,466	\$2,735,708	\$10,974,778	\$9,765,197
Non-current assets	-	-	7,975,705	7,946,577	7,975,705	7,946,577
Capital assets, net	19,195,351	18,962,854	19,035,503	19,207,029	38,230,854	38,169,883
Total Assets	26,719,663	25,992,343	30,481,674	29,889,314	57,181,337	55,881,657
Deferred outflows of resources	685,930	277,933	204,166	152,035	890,096	429,968
Current and other liabilities	905,691	837,970	213,911	576,483	1,119,602	1,414,453
Long-term liabilities	11,466,860	11,492,969	11,814,645	11,924,899	23,281,505	23,417,868
Total Liabilities	12,372,551	12,330,939	12,028,556	12,501,382	24,401,107	24,832,321
Deferred inflows of resources	2,540,371	2,324,726	77,697	14,228	2,618,068	2,338,954
Net Position:						
Net investment in capital assets	15,969,074	15,524,470	17,656,427	17,498,389	33,625,501	33,022,859
Restricted	2,914,171	2,536,712	677,230	774,407	3,591,401	3,311,119
Unrestricted	(6,390,574)	(6,446,571)	225,930	(747,057)	(6,164,644)	(7,193,628)
Total Net Position	\$12,492,671	\$11,614,611	\$18,559,587	\$17,525,739	\$31,052,258	\$29,140,350

Net position of the City's governmental activities stood at \$12,492,671. *Unrestricted* net position – the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at (\$6,390,574).

The (\$6,390,574) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The net position of our business-type activities stood at \$18,559,587. The City can generally only use these net positions to finance continuing operations of the water and sewer systems.

The results of this year's operations for the City as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$1,081,285	\$1,001,792	\$3,911,283	\$3,812,410	\$4,992,568	\$4,814,202
Operating grants and contributions	1,243,906	1,186,076	-	-	1,243,906	1,186,076
Capital grants and contributions	971,938	575,000	280,910	2,582,985	1,252,848	3,157,985
General Revenues:						
Property taxes	2,234,757	2,201,745	-	-	2,234,757	2,201,745
Unrestricted intergovernmental	850,014	900,895	-	-	850,014	900,895
Investment earnings	26,088	34,055	6,645	5,386	32,733	39,441
Fines and forfeitures	42,135	41,149	-	-	42,135	41,149
Miscellaneous	208,216	76,804	-	-	208,216	76,804
Gain/(loss) on sale of assets	(151,931)	-	-	-	(151,931)	-
Total Revenues	6,506,408	6,017,516	4,198,838	6,400,781	10,705,246	12,418,297
Program Expenses:						
Legislative	13,714	30,206	-	-	13,714	30,206
General government	1,718,014	1,582,747	-	-	1,718,014	1,582,747
Public safety	976,699	1,636,639	-	-	976,699	1,636,639
Public works	2,146,610	2,378,896	-	-	2,146,610	2,378,896
Community and economic development	45,642	30,387	-	-	45,642	30,387
Recreation and culture	535,281	519,510	-	-	535,281	519,510
Other governmental	-	-	-	-	-	-
Capital outlay	72,136	206,814	-	-	72,136	206,814
Interest on long-term debt	120,252	120,143	-	-	120,252	120,143
Sewer	-	-	1,534,967	1,660,068	1,534,967	1,660,068
Water	-	-	1,630,023	1,568,725	1,630,023	1,568,725
Total Expenses	5,628,348	6,505,342	3,164,990	3,228,793	8,793,338	9,734,135
Excess (deficiency) before transfers	878,060	(487,826)	1,033,848	3,171,988	1,911,908	2,684,162
Transfers in (out)	-	-	-	-	-	-
Increase (decrease) in net position	878,060	(487,826)	1,033,848	3,171,988	1,911,908	2,684,162
Net Position, Beginning	11,614,611	12,102,437	17,525,739	14,353,751	29,140,350	26,456,188
Net Position, Ending	\$12,492,671	\$11,614,611	\$18,559,587	\$17,525,739	\$31,052,258	\$29,140,350

The City's total revenues were \$10,705,246; the total cost of all programs and services was \$8,793,338 leaving an increase in net position of \$1,911,908. Our analysis below separately considers the operations of governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Governmental Activities

Government activities net position increased by \$878,060. This overall increase was due to a change in combined governmental fund balance of \$345,890, changes in general fixed assets of \$273,716, proceeds from borrowing of (\$35,870), principal payments on debt of \$219,601, a change in accrued interest of \$871, adjustments due to amortization of deferred amounts on bond of (\$1,112), internal service fund activity of \$1,514, pension liability expense of (\$191,943) related to MERS, pension liability expense related to the Police and Fire Retirement System of \$257,009, and a change in compensated absences of \$8,384.

Table 3 presents the cost of each of the three largest programs – General Government, Public Safety and Public Works – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the City's operation.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services
General Government	\$1,718,014	976,699	\$1,473,353
Public Safety	-	976,699	892,421
Public Works	-	2,146,610	231,713

Business-type Activities

Business-type activities net position increased by \$1,033,848. The Sewer Fund and the Water Fund experienced a change in net position of (\$19,501) and \$1,053,349, respectively, resulting in a net increase in Business-Type Activities of \$1,033,848.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$3,957,723, an increase of \$345,890 from the beginning of the year.

The combined fund balance increase of \$345,890 was due to a decrease in the Local Street Fund, offset by increases in the General Fund, Major Street Fund, Garbage & Rubbish Fund, Public Improvement Fund, Senior Center Fund, and Other Governmental Funds. The overall increase is primarily attributable to management closely monitoring expenditures in the General Fund resulting in net income in the General Fund of \$13,210; a reduction in projects in the current year in the Major Street Fund resulting in income of \$359,220; an increase in charges to reduce the discrepancy between income and expense in the Garbage & Rubbish Fund resulting in an increase of \$38,167; less capital outlay in the current year in the Public Improvement Fund resulting in income of \$51,946; reimbursements equaling expenditures in the Senior Center Fund resulting in income of \$1 from interest; and net income of \$18,803 in the Other Governmental Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

General Fund Budgetary Highlights

General Fund expenses were \$158,783 less than the final budget because of underspending in all areas: Legislative expenses were \$1,476 less than the final budget; General government expenses were \$33,736 less than the final budget; Public Safety was \$37,821 less than the final budget; Public Works was \$64,245 less than the final budget; Community and economic development was \$799 less than the final budget; and Recreation and Culture was \$20,706 less than the final budget. As the year progressed and the City has to limit and/or close some operations in response to the COVID-19 pandemic management and the City Council reduced budgeted expenditures across the programs effected and conversely increased the budget for Public Safety as the result of the pandemic.

General Fund revenues were \$41,217 more than the final revenue budget due to several sources coming in higher than anticipated; mainly State sources being \$10,314 more than budgeted and other revenues being \$10,001 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the City had \$38,230,854 invested in a variety of capital assets including land, buildings, and other equipment. (See Table 4 below)

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	2020		2019
	Governmental Activities	Business-type Activities	Total
Land	\$1,280,750	\$10,888	\$1,291,638
Historical treasures	135,275	-	135,275
Construction in progress	1,030,170	42,297	1,072,467
Buildings and improvements	3,922,904	24,192	3,947,096
Land improvements	2,591,997	-	2,591,997
Equipment and vehicles	1,535,183	220,154	1,755,337
Infrastructure	8,699,072	-	8,699,072
Sewer system and equipment	-	5,211,147	5,211,147
Water system and equipment	-	13,526,825	13,526,825
Total	\$19,195,351	\$19,035,503	\$38,230,854
			\$38,169,883

In 2020, the City's major governmental activities capital additions included construction costs associated with the new Senior Center project, completion of the Pavilion at Lake Bancroft, lease of a new police vehicle, technology upgrades to the Council Chambers, purchase of new accounting software, and a new roof at the DPW building. The major business-type activities included completion of the SAW grant project and USDA water line replacement project, new water meter equipment, and beginning construction on a new lift station at Park Street.

With the construction of a new Senior Center the old building was demolished and removed from the City's books at a loss of \$110,771. The DPW building originally had a roof replacement in 2008; however, due to the need to replace it closer to halfway through its estimated useful life the City recorded a loss of \$41,160.

Further details on capital assets can be found in the Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At year-end, the City had \$11,762,277 in bonds and notes outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	2020		2019
	Governmental Activities	Business-type Activities	Total
Bonds	\$3,079,600	\$8,536,000	\$11,615,600
Contracts and notes payable	146,677	-	146,677
Total	\$3,226,277	\$8,536,000	\$11,762,277
			\$12,190,038

During the year, the City leased a police vehicle in the Public Improvement Fund. No other debt was issued during the year.

During the year the City made principal payments on governmental activities and business-type activities debt in the amount of \$247,977, and \$215,654, respectively.

Further details on long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City of Ishpeming's elected officials and management consider many factors while preparing the annual budget, including matters at the state, national, and global levels as these various economies can impact the local economy. Some of the factors considered when setting the fiscal year 2021 budget are as follows:

Property Taxes (Real and Personal) are a primary source of revenue for the City and these taxes are calculated on taxable value. The annual growth in taxable value is capped by law at the lesser of inflation or five percent, unless a property is sold, in which case the taxable value becomes uncapped and the capping processing begins again. The City has seen steady growth of two to two-and-a-half percent in its taxable value base over the past several years. Management believes this trend will continue into the near future as home sale prices continue to rise. Additionally, three new businesses have announced they will be opening in 2021, two of which will fill an empty storefront on the downtown's Main Street.

State Revenue Sharing is another significant portion of the City's General Fund revenue. Back in the year 2000, the City received approximately \$1.2 million in State Revenue Sharing. Over the last 20 years, the State Revenue Sharing has been reduced to approximately \$800,000; however, there has been a recent reversal to that trend, and the City is expecting approximately \$896,500 in State Revenue Sharing for fiscal year 2021. This does not factor in possible reductions based on the impact of the pandemic which will be discussed below.

As identified in the notes to the financial statements-Note AB, on March 11, 2020 the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak in the United States has resulted in some interruptions to the City's revenues, mostly impacting State Revenue Sharing which was supplanted by CARES Act funding in 2020, parks revenue, and rental inspection revenue. As the country is in the midst of recovery from the pandemic and gathering restrictions lift, management anticipates the restoration of these revenue streams.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

As further identified in the notes to the financial statements – Note AB, in June 2021, the City is refunding the Series 2000 Building Authority Bonds, Series 2002 Building Authority Bonds, and 2011 Capital Improvement Bonds into a \$2,030,000 2021 Limited Tax General Obligation Refunding Bond. This bond refunding shows a net present value savings of \$312,134 over the life of the refunding. The City is also in the process of issuing up to the legal limit of pension obligation bonds, not to exceed \$12,000,000, in order to fund the underfunded MEKS defined benefit pension plan that was closed to new hires effective January 1, 2020. While still early in the process, initial projections show the City could see net present value savings of nearly \$4,000,000 over the life of the bonds. Management anticipates issuance of pension obligation bonds sometime around August or September 2021.

The City continues to support further development of the ski and biking trails within Ishpeming, including the Iron Ore Heritage Trail and the RAMBA trail network just to name a few. Biking events such as the Marj Gesick and the 906 Polar Roll are helping to establish Ishpeming as a mountain biking destination. In order to meet the needs from the increase in tourism, in 2021 the City was awarded a \$100,000 grant by the Michigan Department of Agriculture and Rural Development which, when combined with a local match, will construct a rustic campground on Malton Road. The campground is expected to be completed by August 2022. This is just one of several of the many exciting changes taking place within the City of Ishpeming.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at City of Ishpeming, 100 East Division Street, Ishpeming, Michigan 49849.

City of Ishpeming, Michigan
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3,625,244	\$ 2,679,930	\$ 6,305,174	\$ 286,881
Investments	972,338	54,334	1,026,672	156,161
Receivables, net	2,753,538	716,202	3,469,740	159,992
Due from primary government	-	-	-	-
Due from other governments	-	-	-	-
Prepays and other assets	173,192	-	173,192	521,460
Non-current Assets:				
Cash and cash equivalents - restricted	-	818,781	818,781	-
Investment in Wastewater Treatment Facility	-	3,649,601	3,649,601	-
Investment in Joint Water Authority	-	3,307,323	3,307,323	-
Capital assets:				
Land, construction in progress and other non-depreciable assets	2,446,195	53,185	2,499,380	-
Land	16,749,156	18,982,318	35,731,474	1,628,774
Other capital assets, net of depreciation	19,195,351	19,035,503	38,230,854	1,628,774
Total Capital Assets	26,719,663	30,461,674	57,181,337	2,592,723
TOTAL ASSETS				
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	428,921	204,166	633,087	-
Contributions subsequent to measurement date	257,009	-	257,009	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES				
LIABILITIES				
Current Liabilities:				
Accounts payable	310,580	31,181	341,761	-
Due to component unit	521,460	-	521,460	-
Customer deposits payable	-	159,031	159,031	-
Accrued liabilities	42,394	9,221	51,615	136
Accrued interest	31,257	14,478	45,735	20,537
Unearned revenue	-	-	-	-
Non-current Liabilities:				
Portion due or payable within one year:				
Notes payable	55,873	-	55,873	-
Bonds payable	197,000	154,000	351,000	171,000
Compensated absences	19,633	1,704	21,337	-
Portion due or payable after one year:				
Bonds payable	90,804	-	90,804	-
Compensated absences	2,872,038	8,382,000	11,254,038	1,170,400
Bonds payable	209,158	16,603	225,761	-
Compensated absences	8,022,354	3,260,338	11,282,692	-
Net pension liability				
TOTAL LIABILITIES	12,372,551	12,028,556	24,401,107	1,362,073
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	2,199,585	-	2,199,585	247,734
Transportation appropriation	-	-	-	-
Deferred amounts related to pension	340,786	77,687	418,483	-
Discount on investment	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,540,371	77,687	2,618,068	247,734
NET POSITION				
Net investment in capital assets	15,969,074	17,696,427	33,665,501	287,374
Restricted	2,994,177	977,230	3,971,407	521,460
Unrestricted	(6,380,574)	225,950	(6,154,624)	174,092
TOTAL NET POSITION	\$ 12,492,671	\$ 18,559,587	\$ 31,052,258	\$ 982,916

The accompanying notes are an integral part of these financial statements.
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City of Lansing, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-Type Activities	Component Unit
Primary Government							
Governmental Activities:							
General government	\$ 13,714	\$ 168,285	\$ -	\$ -	\$ (13,714)	\$ -	\$ -
Public safety	1,718,014	32,326	76,376	-	(1,473,353)	-	-
Public works	976,699	65,962	-	-	(892,421)	-	-
Community and economic development	2,458,642	1,088,610	-	-	(1,369,032)	-	-
Recreation and culture	532,281	52,587	28,768	-	(45,642)	-	-
Capital outlay	72,136	-	-	-	(45,926)	-	-
Interest on long-term debt	122,252	-	-	971,938	899,802	-	-
Total Governmental Activities	5,628,348	1,081,285	1,243,906	971,938	(2,331,219)	-	-
Business-Type Activities:							
Sewer	1,554,907	1,514,148	-	-	(23,549)	-	-
Water	1,859,225	2,259,682	-	280,919	1,656,132	-	-
Total Business-Type Activities	3,164,939	3,917,233	-	280,919	1,027,203	1,027,203	-
TOTAL PRIMARY GOVERNMENT	\$ 8,793,338	\$ 4,992,568	\$ 1,243,906	\$ 1,252,848	(2,331,219)	\$ 1,304,016	-
Component Unit:							
Downtown Development Authority	\$ 201,928	-	\$ 1,622	\$ -	-	-	(200,376)
General Revenues:							
Property taxes	-	-	-	-	-	2,234,757	240,726
Unreheated in governmental sources	-	-	-	-	-	850,014	-
Intergovernmental	-	-	-	-	-	6,645	-
Fees and Forfeitures	-	-	-	-	-	42,135	489
Investment earnings	-	-	-	-	-	42,135	-
Grants	-	-	-	-	-	1,015,010	-
Dividends (on sale of assets)	-	-	-	-	-	(181,931)	-
Transfers	-	-	-	-	-	-	-
TOTAL GENERAL REVENUES & TRANSFERS	-	-	-	-	-	3,215,924	241,215
CHANGE IN NET POSITION	-	-	-	-	-	1,033,848	40,839
Net position, beginning of year	-	-	-	-	-	17,525,739	842,077
NET POSITION, END OF YEAR	-	-	-	-	-	\$ 18,559,587	\$ 882,916

The accompanying notes are an integral part of these financial statements.

City of Lansing, Michigan
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	General Fund	Special Revenue		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Local Street Fund	Carriage Path & Sidewalk Fund			
ASSETS						
Investments	\$ 1,208,462	\$ 667,530	\$ 92,468	\$ 414,351	\$ 811,200	\$ 3,289,639
Accounts receivable, net	48,000	-	-	-	924,338	972,338
Accounts receivable	22,301	-	229	454,987	-	79,586
Due from other governments	1,388,747	-	-	-	97,484	1,486,231
Due from other funds	149,257	94,242	39,819	308,464	-	591,782
Prepays	17,316	-	-	-	-	182,667
Prepays	-	-	-	-	-	17,316
TOTAL ASSETS	3,162,335	765,172	132,614	860,338	1,833,114	7,350,384
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,162,335	\$ 765,172	\$ 132,614	\$ 860,338	\$ 1,833,114	\$ 7,350,384
LIABILITIES						
Cash overfalls	\$ 98,208	-	-	-	-	\$ 143,440
Due to component unit	521,480	2,150	-	4,812	163,002	521,490
Accrued payroll and related	38,481	1,473	598	-	-	40,678
Due to other funds	19,436	-	-	-	-	19,436
Due to other funds	-	-	-	-	-	182,667
TOTAL LIABILITIES	677,605	3,623	598	4,812	163,442	1,193,036
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	1,573,790	-	-	514,609	111,186	2,199,585
Transportation appropriation	-	-	-	-	-	-
Discount on investment	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,573,790	-	-	514,609	111,186	2,199,585
FUND BALANCE						
Unrestricted	173,182	-	-	-	-	988,982
Restricted	-	755,149	131,916	349,917	1	1,251,063
Committed	-	-	-	-	-	-
Assigned	890	-	249,127	-	56,657	996,774
Unassigned	736,808	-	-	-	-	736,808
TOTAL FUND BALANCE	910,890	755,149	131,916	349,917	1	1,557,653
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,162,335	\$ 765,172	\$ 132,614	\$ 860,338	\$ 1,833,114	\$ 7,350,384

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2020

Total Fund Balances for Governmental Funds

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

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.
Land, construction in progress and historical treasures
Other capital assets, net of depreciation

Net pension liability, and related deferred (outflows)/inflows of resources, is
not due and payable in the current period and is not reported in the funds.

Net pension liability -

Michigan Municipal Employees' Retirement System
Police and Fire Retirement System

Deferred outflows of resources related to pension -

Michigan Municipal Employees' Retirement System
Police and Fire Retirement System

Employer contributions subsequent to measurement date

Police and Fire Retirement System

Deferred (inflows) of resources related to net pension liability

Michigan Municipal Employees' Retirement System
Police and Fire Retirement System

Internal service funds are used by management to charge the costs of
certain activities, such as the purchase and maintenance of equipment
and vehicles, to individual funds. The assets and liabilities of the internal
service funds are included in governmental activities in the
statement of net position, net of capital assets.

Net position

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the funds.

Current portion of bonds payable

Current portion of notes and contracts payable

Accrued interest on debt

Compensated absences

Bonds payable

Long-term contracts and notes payable

Deferred amounts on bonds

Deferred gain on refunding

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 12,492,671

\$ 3,957,723

\$ 2,446,195
16,086,395

(5,771,515)
(2,144,901)

423,170

257,009

(194,759)
(124,687)

894,406

(197,000)
(26,326)
(31,257)
(197,797)
(2,882,600)
(11,947)
10,562
(3,336,365)

City of Ishpeming, Michigan

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2020

	General Fund	Major Street Fund	Local Street Fund	Garage & Wash Fund	Public Improvement Fund	Senior Center Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Federal sources	\$ 1,621,636	\$ -	\$ -	\$ -	\$ 504,663	\$ -	\$ 108,464	\$ 2,234,759
State sources	120,242	-	-	-	-	971,538	-	1,091,780
Local sources	855,101	754,670	332,140	-	-	-	11,638	1,965,549
Charges and permits	15,589	-	-	-	-	-	-	15,589
Grants	85,659	-	-	828,087	-	-	-	913,746
Charges	-	-	-	-	-	-	15,898	15,898
Interest income and rentals	4,886	1,203	216	440	1,470	1	18,011	26,227
Contributions	-	-	-	-	417,35	68,942	9,533	120,030
Investment income	48,912	-	-	-	-	-	-	48,912
Other revenues	97,195	-	-	-	600	-	-	97,795
TOTAL REVENUES	2,991,087	755,673	332,356	828,527	546,271	1,040,861	161,144	6,655,339
EXPENDITURES:								
Current Operations:								
General government	13,714	-	-	-	-	-	-	13,714
Public safety	1,237,616	-	-	-	-	-	-	1,237,616
Public works	1,010,394	-	-	-	-	-	-	1,010,394
Community and economic development	396,653	-	467,813	-	-	-	-	864,466
Recreation and culture	45,842	-	-	-	-	-	-	45,842
Other governmental	386,101	-	-	-	-	-	20,524	406,625
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	79,601	-	-	79,601
Interest and fiscal charges	-	-	-	-	22,289	-	-	22,289
Capital outlay	-	-	-	-	279,138	1,040,860	16,660	1,355,728
TOTAL EXPENDITURES	2,852,858	396,653	467,813	790,360	381,048	1,040,860	288,677	6,348,319
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,189	359,220	(135,457)	38,167	167,223	1	(127,533)	310,020
OTHER FINANCING SOURCES (USES):								
Proceeds from borrowing	-	-	-	-	35,870	-	-	35,870
Proceeds from sale of capital assets	19,290	-	-	-	-	-	-	19,290
Transfers (out)	(7,180)	-	-	-	(151,347)	-	(12,200)	(170,727)
TOTAL OTHER FINANCING SOURCES (USES)	5,011	-	-	-	(115,477)	-	146,336	35,870
CHANGE IN FUND BALANCE	13,210	359,220	(135,457)	38,167	51,646	1	18,803	345,890
Fund balance, beginning of year	897,790	398,929	267,373	210,960	297,971	-	1,538,850	3,611,833
FUND BALANCE END OF YEAR	\$ 910,960	\$ 758,149	\$ 131,916	\$ 249,127	\$ 349,617	\$ 1	\$ 1,557,653	\$ 3,957,723

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 345,890

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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 1,267,568
Depreciation expense	(841,921)
Net book value of disposed assets	(151,931)

273,716

Proceeds of borrowing are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(35,870)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

219,601

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

871

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt.

Current year amortization of deferred amounts on bond

(1,112)

Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Building, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.

Change in net position

1,514

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

Pension liability expense	(191,943)
Pension liability expense - Fire-Police Retirement	257,009
Compensated absences	8,384

73,450

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 878,060

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

PROPRIETARY FUNDS
STATEMENTS OF NET POSITION

December 31, 2020

	Business-type Activities			Internal Service Funds
	Sewer Fund	Water Fund	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,272,086	\$ 1,407,844	\$ 2,679,930	\$ 480,055
Investments	84,334	-	84,334	-
Accounts receivable	294,321	354,712	649,033	-
Allowance for uncollectible accounts	-	-	-	-
Delinquent utilities	23,806	51,753	75,559	-
Due from other funds	-	3,520	3,520	-
Due from other governmental units	-	31,410	31,410	-
Non-current Assets:				
Cash and cash equivalents - restricted	-	818,781	818,781	-
Investment in Wastewater Treatment Facility	3,649,601	-	3,649,601	-
Investment in Joint Water Authority	-	3,507,323	3,507,323	-
Capital Assets:				
Land and construction in progress	42,297	10,888	53,185	-
Land and capital assets, net of depreciation	5,405,092	13,577,226	18,982,318	662,761
Other capital assets, net of depreciation	5,447,389	13,586,114	19,033,503	662,761
TOTAL ASSETS	10,701,737	19,763,457	30,465,194	1,142,816
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	75,224	128,942	204,166	5,751
TOTAL DEFERRED OUTFLOWS OF RESOURCES	75,224	128,942	204,166	5,751
LIABILITIES				
Current Liabilities:				
Cash overdrafts	-	30,221	31,181	5,205
Accounts payable	960	159,031	159,031	-
Customer deposits payable	-	5,634	5,634	1,716
Accrued payroll and related	3,587	-	3,587	-
Accrued interest	-	14,478	14,478	-
Due to other funds	3,520	-	3,520	-
Non-current Liabilities:				
Pension liability payable within one year	-	-	-	-
Bonds payable	-	154,000	154,000	29,547
Notes payable	-	-	-	197
Compensated absences	281	1,423	1,704	-
Portion due or payable after one year	-	-	-	-
Bonds payable	-	8,382,000	8,382,000	-
Notes payable	-	-	-	78,857
Compensated absences	2,179	14,424	16,603	11,361
Net pension liability	1,053,687	2,206,651	3,260,338	105,838
TOTAL LIABILITIES	1,064,214	10,967,862	12,032,076	232,821
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pension	50,101	27,596	77,697	21,340
TOTAL DEFERRED INFLOWS OF RESOURCES	50,101	27,596	77,697	21,340
NET POSITION				
Net investment in capital assets	9,096,990	8,559,437	17,656,427	554,357
Restricted:				
Debt service	-	677,230	677,230	-
Unrestricted	565,656	(339,726)	225,930	340,049
TOTAL NET POSITION	\$ 9,662,646	\$ 8,896,941	\$ 18,559,587	\$ 894,406

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan
PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	Business-type Activities			Internal
	Sewer	Water	Total	Service
	Fund	Fund		Funds
				Motor
				Pool
OPERATING REVENUES:				
Rentals				
Charges for services	\$ 1,511,418	\$ 2,397,492	\$ 3,908,910	\$ 712,172
Other operating revenue	-	2,373	2,373	-
TOTAL OPERATING REVENUES	1,511,418	2,399,865	3,911,283	712,172
OPERATING EXPENSES:				
Personal services	507,816	702,806	1,210,622	329,829
Contractual services	595,665	472,268	1,067,933	1,200
Supplies	15,153	21,336	36,489	207,105
Utilities	2,321	16,667	18,988	-
Depreciation	390,068	82,304	472,372	131,219
Equipment rental	91,714	95,697	187,411	-
Other expenses	44,365	66,715	111,080	38,489
TOTAL OPERATING EXPENSES	1,647,002	1,457,793	3,104,795	707,642
OPERATING INCOME (LOSS)	(135,584)	942,072	806,488	4,530
NON-OPERATING REVENUES (EXPENSES):				
Interest (expense)	(1,875)	(172,230)	(174,105)	(4,630)
Gain/(loss) on wastewater facility	113,910	-	113,910	-
Interest income	4,048	2,597	6,645	1,614
TOTAL NON-OPERATING REVENUES (EXPENSES)	116,083	(169,633)	(53,550)	(3,016)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(19,501)	772,439	752,938	1,514
Federal sources	-	249,500	249,500	-
State sources	-	31,410	31,410	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
CHANGE IN NET POSITION	(19,501)	1,053,349	1,033,848	1,514
Net position, beginning of year	9,682,147	7,843,592	17,525,739	892,892
NET POSITION, END OF YEAR	\$ 9,662,646	\$ 8,896,941	\$ 18,559,587	\$ 894,406

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan
PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2020

	Business-type Activities			Internal
	Sewer	Water	Total	Service
	Fund	Fund		Funds
				Motor
				Pool
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from fees and charges for services	\$ 1,608,005	\$ 2,578,774	\$ 4,186,779	\$ -
Other operating revenues	(463,150)	167,963	167,963	712,172
Cash payments to employees for services	(640,419)	(1,103,569)	(1,743,988)	(307,884)
Cash payments to suppliers for goods and services	(775,475)	(999,213)	(1,774,688)	(246,150)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	366,380	1,107,105	1,476,485	156,138
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in cash overdraft	-	-	-	-
(Increase) decrease in due from other funds	-	(3,520)	(3,520)	-
Increase (decrease) in due to other funds	3,520	-	3,520	-
Transfers in (out)	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,520	(3,520)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on debt	(64,654)	(151,000)	(215,654)	(28,376)
Interest paid on debt	(1,875)	(172,230)	(174,105)	(4,630)
Proceeds from borrowing	-	-	-	-
Cash payments for capital assets	(68,934)	(231,912)	(300,846)	(90,000)
Proceeds sale of capital assets	-	-	-	-
Proceeds from federal and state grants for capital assets	-	280,910	280,910	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(135,463)	(274,232)	(409,695)	(123,006)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Increase) decrease in investments	(342)	-	(342)	-
Investment income	4,048	2,597	6,645	1,614
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,706	87,379	91,085	1,614
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	244,143	916,732	1,160,875	34,746
Cash and cash equivalents, beginning of year	1,030,943	491,112	1,522,055	445,309
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,275,086	\$ 1,407,844	\$ 2,682,930	\$ 480,055
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (135,584)	\$ 942,072	\$ 806,488	\$ 4,530
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	390,068	82,304	472,372	131,219
Change in assets and liabilities:				
(Increase) decrease in accounts receivable, net	96,587	181,282	277,869	-
(Increase) decrease in due from other governmental units	-	165,590	165,590	-
Increase (decrease) in accounts payable	(26,357)	(332,605)	(358,962)	(1,366)
Increase (decrease) in customer deposits payable	-	6,075	6,075	-
Increase (decrease) in accrued payroll	(3,462)	(6,223)	(9,685)	(3,352)
Increase (decrease) in accrued interest	-	-	-	-
Increase (decrease) in accrued sick and vacation	814	3,654	4,468	(4,601)
Increase (decrease) in net pension liability and related	47,314	64,956	112,270	29,698
NET ADJUSTMENTS	504,964	165,033	669,997	151,608
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 366,380	\$ 1,107,105	\$ 1,476,485	\$ 156,138

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF FIDUCIARY NET POSITION

December 31, 2020

	Pension Trust Fund	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS					
Cash and equivalents	\$ 114,839	\$ -	\$ 24,149	\$ 491,395	\$ 630,383
Investments	4,811,363	-	-	-	4,811,363
Taxes receivable	256,458	-	-	2,583,271	2,839,729
Other receivables	1	-	-	-	1
Due from other governments	-	-	-	-	-
TOTAL ASSETS	5,182,661	-	24,149	3,074,666	8,281,476
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES					
Due to others	-	-	24,149	2,000	26,149
Due to other governmental units	-	-	-	3,072,666	3,072,666
TOTAL LIABILITIES	-	-	24,149	3,074,666	3,098,815
DEFERRED INFLOWS OF RESOURCES	230,064	-	-	-	230,064
TOTAL DEFERRED INFLOWS OF RESOURCES	230,064	-	-	-	230,064
NET POSITION	4,892,597	-	-	-	4,892,597
Restricted for:					
Pensions	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-
Property tax collections for other governments	-	-	-	-	-
TOTAL NET POSITION	\$ 4,892,597	\$ -	\$ -	\$ -	\$ 4,892,597

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2020

	Pension Trust Fund	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund	Total
ADDITIONS:					
Contributions:					
Taxes	\$ 257,009	\$ -	\$ -	\$ -	\$ 257,009
Employer	-	-	-	-	-
Employee	28,275	-	-	-	28,275
Gifts, bequests and endowments	-	-	-	-	-
Total Contributions	285,284	-	-	-	285,284
Investment income:					
Net income (depreciation) in fair value of investments	517,792	-	-	-	517,792
Interest and dividends	112,821	-	-	-	112,821
Administrative expense	(43,884)	-	-	-	(43,884)
Net Investment Income (Loss)	586,529	-	-	-	586,529
Other Additions:					
Collections for individuals, organizations, and other governments	-	-	52,869	-	52,869
Property tax collections for other governments	-	-	-	3,954,954	3,954,954
Total Other Additions	-	-	52,869	3,954,954	4,007,823
TOTAL ADDITIONS	871,813	-	52,869	3,954,954	4,879,636
DEDUCTIONS:					
Benefits and annuity withdrawals	462,717	-	-	-	462,717
Refunds of contributions	-	-	-	-	-
Other expenditures	-	-	52,869	-	52,869
Payments to individuals, organizations, and other governments	-	-	-	3,954,954	3,954,954
Payments of property tax collections for other governments	-	-	-	-	-
TOTAL DEDUCTIONS	462,717	-	52,869	3,954,954	4,470,540
CHANGE IN NET POSITION	409,096	-	-	-	409,096
Net position, beginning of year	4,483,501	-	-	-	4,483,501
NET POSITION, END OF YEAR	\$ 4,892,597	\$ -	\$ -	\$ -	\$ 4,892,597

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City of Ishpeming, Michigan (the City) conform to accounting principles generally accepted in the United States of America applicable to local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies.

REPORTING ENTITY

The City of Ishpeming, Michigan was incorporated in 1873 in accordance with the laws of the State of Michigan and operates under a Council-Manager form of government. As required by generally accepted accounting principles, the City's financial statements present the City (the primary government) and its component units. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a December 31st year-end.

Policemen and Firemen Retirement System – The City of Ishpeming is the administrator of a single-employer public employee retirement system established and administered by the City to provide pension benefits for the Police and Fire Department employees. The Policemen and Firemen Retirement System is considered part of the City of Ishpeming financial reporting entity and is included in the City's financial report as a pension trust fund.

BLENDED COMPONENT UNITS

Governmental Fund Type

City of Ishpeming Building Authority – The Building Authority's governing body consists of the City Manager, Finance Director, and City Treasurer which are appointed by the governing board of the reporting entity. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

The reporting entity has guaranteed the debt issues of the Authority.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

DISCRETELY PRESENTED COMPONENT UNITS

Governmental Fund Type

City of Ishpeming Downtown Development Authority – The Downtown Development Authority's governing board is appointed by the City's Manager with consent of the Council and includes the City Manager of the reporting entity. The reporting entity has the responsibility to fund deficits and operating deficiencies, as well as guarantee for any debt the Authority issues.

Separate financial statements for the City of Ishpeming Downtown Development Authority are not developed; however, information can be obtained from the City's Finance Department upon request located at 100 East Division Street, Ishpeming, Michigan 49849.

RELATED ORGANIZATIONS

Ishpeming Housing Commission – The Ishpeming Housing Commission was created to provide low-income housing for the City residents. The Ishpeming Housing Commission's governing board is appointed by the City Mayor with the confirmation of the Commission; however, the City does not provide any financial assistance to the Housing Commission. Management of the Housing Commission is not designated by the City nor does the City have the ability to significantly influence operations. The City does not subsidize the operations of the Housing Commission and does not guarantee its debt service. The Ishpeming Housing Commission has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

Summary financial information as of and for the fiscal year ended December 31, 2019, is as follows:

Total Assets	\$2,768,095
Total Liabilities	155,868
Total Net Position	2,612,227
Total Operating Revenues	793,205
Total Operating Expenses	1,055,872
Total Non-Operating Revenues(expenses)	2,376
Capital Grant Contributions	182,582
Net Increase (Decrease) in Net Position	(77,709)

BASIS OF PRESENTATION

Government-Wide Financial Statements

The City of Ishpeming, Michigan's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, public works, culture and recreation, and general administrative services are classified as governmental activities. The City's sewer and water services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

as long-term debt and obligations. The City's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. The City uses the following fund types:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund** – The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- **Capital Projects Funds** – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- **Permanent Funds** – Permanent Funds are used to account for assets held by the City pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the City:

- **Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Fiduciary funds are used to report the assets held by the City in a trustee capacity or as an agent for others and therefore are not available to support the City's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Major Funds:

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities, and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Major Street Fund** accounts for the activities related to receipt of allocated state shared gas and weight taxes to be spent on certain "mile" roads designated as major under contractual agreement with the State of Michigan.
- The **Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.
- The **Garbage & Rubbish Fund** accounts for activities related to garbage and rubbish collection and disposal.
- The **Public Improvement Fund** accounts for the activities related to development and improvement of the City's general capital assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The **Senior Center Fund** accounts for the activities related to construction of the new Senior Citizen Center building.
- The City reports the following major proprietary funds:
 - The **Sewer Fund** accounts for the activities related to sanitary sewer operation and booster stations and billing for services.
 - The **Water Fund** accounts for the activities related to water treatment and distribution and billing for services.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust fund and custodial funds). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

BASIS OF ACCOUNTING

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer services are accrued as revenue in the Water and Sewer Funds based upon estimated consumption at year-end.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Significant revenues susceptible to accrual include payments in lieu of taxes, state and federal sources, and intergovernmental revenues. Other revenue sources such as licenses, permits, charges for services, sales, fees, fines, rentals, and other are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred with certain exceptions such as interest on long-term debt, compensated absences and claims and judgments which are generally recognized when payment is due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

FINANCIAL STATEMENT AMOUNTS

Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. The fair value measurement of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory

Inventory costs are recorded at average cost which approximates market. Inventories consist of expandable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than purchased.

Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year end, balances of interfund accounts receivable or payable have been recorded and are subject to elimination upon consolidation.

Interfund receivables and payables have been eliminated from the Statement of Net Position.

Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their estimated fair value on the date of transfer.

Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary fund financial statements. Accumulated depreciation is reported on government-wide and proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Depreciation Life
Buildings, structures, and improvements	20-50 years
Vehicles and equipment	5-15 years
Water supply and sewage disposal systems	20-50 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

GASB No. 34 requires the City to report and depreciate new infrastructure assets placed in service after January 1, 2004. Infrastructure assets include roads, bridges and traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is optional for the City under GASB No. 34 and the City has elected not to retroactively report infrastructure assets prior to January 1, 2004.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports the following in this category:

The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

The City's Policemen and Firemen Retirement System has a plan year of January 1 to December 31; however, the actuarial valuation for the plan is not available at the time of the preparation of the financial statements. Therefore, the most recent actuarial valuation is used which is for the previous plan year ended December 31. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Long-Term Liabilities

In the government-wide financial statements and 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 and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as a prepaid and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses.

Bond issuance costs whether or not withheld from the actual debt received, are reported as debt service and expensed the year incurred.

Pensions

For the purpose of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan or the Policemen and Firemen Retirement System (the System) and additions to/deductions from MERS' or the System's fiduciary net position have been determined on the same basis as they are reported by MERS or the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports the following in this category:

The government reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

In the government-wide and governmental fund financial statements property taxes levied during the year that were intended to finance future periods, which arises only under a modified accrual basis of accounting are deferred and recognized as an inflow of resources in the period that the amount becomes available.

In the government-wide and governmental fund financial statements transportation appropriations from the State applicable to future periods are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Ishpeming because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation. These amounts are derived from the fund financial statements by combining non-spendable and restricted fund balance classifications.
3. Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "net invested in capital assets."

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Revenues

Government-Wide Statements

In the government-wide Statement of Activities, revenues are segregated by activity, and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions, and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

Fund Statements

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the City's policy to use the restricted resources first.

Property Taxes

The City bills and collects its own property taxes and also the taxes for the local school district, the intermediate school district, the county, the Downtown Development Authority, and the Iron Ore Heritage Trail Authority. Collections of taxes on behalf of other local units of government are accounted for in the Tax Collection Fund. Property taxes are levied on December 1st based on the taxable value of property. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Expenses/Expenditures

Government-Wide Statements

In the government-wide Statement of Activities, expenses are segregated by activity (governmental or business-type) and are classified by function.

Fund Statements

In the governmental fund financial statements, expenditures are classified by character such as current operations, debt service and capital outlay.

In the proprietary fund financial statements, expenses are classified by operating and non-operating and are sub-classified by function such as personnel services and other services and charges.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities; and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Not later than October 15, the City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year commencing January 1 in accordance with the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. Not later than November 30, the budget is adopted by the City Council in accordance with the provisions of the City Charter.
4. The City Council adopts the budget by functional categories. Any transfers of appropriations between functions must be approved by the City Council. All unencumbered and unexpended appropriations lapse at year end.
5. Formal budgetary integration is employed as a management control device for the general fund and all special revenue funds. The budgets for the capital projects and enterprise funds are informational summaries only and are not covered under the City's General Appropriations Act or the State's Public Act 621.
6. The City Council has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended during the fiscal year.
7. The legally adopted budgets and informational budget summaries for the funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to each fund's method of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and affect the disclosure of contingent assets and liabilities at the date of financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 24, 2021, which is the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – CASH AND EQUIVALENTS:

The composition of cash and cash equivalents reported on the Statement of Net Position are as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total Reporting Entity
Cash and cash equivalents:				
Unrestricted	\$6,305,174	\$630,383	\$266,881	\$7,202,438
Restricted	818,781	-	-	818,781
TOTAL	\$7,123,955	\$630,383	\$266,881	\$8,021,219

Custodial Credit Risk – 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. State law does not require, and the City does not have, a deposit policy for custodial credit risk. As of December 31, 2020, the carrying amount of the City's deposits with financial institutions was \$8,021,219 and the bank balance was \$8,176,450, of which, \$376,207 or approximately 5% was covered by federal depository insurance according to FDIC regulations. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name \$376,207

Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:

Collateralized and uninsured 7,800,243
TOTAL REPORTING ENTITY **\$8,176,450**

NOTE C – INVESTMENTS:

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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. As of December 31, 2020, the City had the following investments:

	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	6-10	More Than 10
PRIMARY GOVERNMENT:					
CDs and money market ²	\$881,815	\$828,672	\$53,143	\$-	\$-
U.S. Government Agencies ¹	144,857	19,994	109,015	15,848	-
U.S. Treasury Bonds ¹	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$1,026,672	\$848,666	\$162,158	\$15,848	\$-
FIDUCIARY FUNDS:					
Mutual Equity Funds ¹	\$3,679,412	\$-	\$-	\$-	\$3,679,412
Mutual Equity Index Funds ¹	1,131,951	-	-	-	1,131,951
TOTAL FIDUCIARY	\$4,811,363	\$-	\$-	\$-	\$4,811,363

NOTE C – INVESTMENTS (Continued):

	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	6-10	More Than 10
COMPONENT UNIT:					
CDs and money market ²	\$15,616	\$15,616	\$-	\$-	\$-
TOTAL COMPONENT UNIT	\$15,616	\$15,616	\$-	\$-	\$-

1 – Level 1 Input; 2 – Level 2 Input; 3 – Level 3 Input

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Michigan statutes (Act 196, PA 1997) authorize the City to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Michigan statute (Act 314, PA 1965, as amended) authorizes the pension trust to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds.

The City has no investment policy that would further limit its investment choices. The City's investments are in accordance with statutory authority.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer. There were no investments subject to concentration credit risk disclosure.

NOTE D – RESTRICTED ASSETS:

Certain resources set aside for the repayment of debt proceeds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Assets restricted by applicable bond covenants are as follows:

	December 31, 2020	
	Required Balance	Actual Balance
I. Construction accounts		
These accounts are used to receive loan/grant proceeds and pay construction costs.		
a. To be used for the monies received from the utility system construction.	\$-	\$-

NOTE D – RESTRICTED ASSETS (Continued):

	December 31, 2020
	Required Balance
	Actual Balance

II. Bond payment accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.

- a. 2017 Water Supply System Revenue Bond, ½ of interest due on next payment and not less than ¼ of the principal due the next year.

\$81,180 \$125,101

III. Bond reserve accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.

- a. 2017 Water Supply System Revenue Bond, \$8,400 quarterly up to \$336,000.

109,200 109,200

IV. Capital improvement accounts

These accounts are required to be funded per bond. These funds are to be used for repairs, replacement, or improvements to the water system. If the amounts in the bond reserve accounts are not sufficient to pay on the bonds when due, these monies may be transferred for that purpose.

- a. 2017 Water Supply System Revenue Bond, \$17,281.25 per quarter less the amount deposited in the Reserve Account (\$8,400 quarterly) or \$8,881.25 quarterly.

115,456 115,456

V. Operations and maintenance accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for the operation and maintenance of the System.

- a. 2017 Water Supply System Revenue Bond, sum sufficient to provide for payment of next quarter's expenses of administration and operation

371,394 469,024
\$677,230 \$818,781

Total

NOTE E – ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE:

Receivables as of year-end for the government's individual major funds, aggregate non-major governmental funds, and major proprietary funds, including applicable allowances for uncollectible accounts, are as follows:

Type	Governmental Activities	Business- Type Activities	Total Primary Government
Property taxes – current	\$1,947,388	\$-	\$1,947,388
Accounts receivable	79,586	-	79,586
Utilities receivable	61,518	609,233	670,751
Delinquent utilities receivable	27,946	75,559	103,505
Other receivables	45,318	-	45,318
Due from other government units	591,782	31,410	623,192
Total	\$2,753,538	\$716,202	\$3,469,740

Receivable balances have been disaggregated by type and presented separately in the financial statements.

NOTE F – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS IN/OUT:

The City reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds.

A summary of the interfund receivables and payables at December 31, 2020 is as follows:

DUE FROM						Total Due To Other Funds
General Fund	Capital Projects	Water	Internal Service			
General Fund	\$-	\$-	\$-	\$-	\$-	\$-
Garbage	-	-	-	-	-	-
Non-major Governmental Funds	162,677	-	-	-	-	162,677
Water	-	-	-	-	-	-
Sewer	-	-	-	-	-	-
Total Due From Other Funds	\$162,677	\$-	\$-	\$-	\$-	\$162,677

All internal 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.

NOTE F – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS IN/OUT (Continued):

The transfers between funds for the year ended December 31, 2020 are as follows:

	TRANSFERS IN				Total Transfers Out
	General Fund	Capital Projects	Non-major Gov't Funds	Internal Service	
General Fund	\$	\$-	\$7,189	\$-	\$7,189
Capital Projects	-	-	151,347	-	151,347
Non-major Governmental Funds	12,200	-	-	-	12,200
Total Transfers In	\$12,200	\$-	\$158,536	\$-	\$170,736

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE G – CAPITAL ASSETS:

A summary of the changes in governmental activities capital assets is as follows:

	Balance December 31, 2019		Balance December 31, 2020	
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$1,280,750	\$-	\$1,280,750	
Historical treasurers	135,275	-	135,275	
Construction in progress	680,098	1,030,170	1,030,170	
Subtotal	2,096,123	1,030,170	2,446,195	
Capital assets being depreciated:				
Buildings and improvements	12,380,384	794,841	12,371,952	
Land improvements	3,287,840	-	3,287,840	
Equipment and vehicles	6,600,230	212,655	6,730,217	
Infrastructure	10,937,559	-	10,937,559	
Subtotal	33,206,013	1,007,496	33,327,568	
Total Capital Assets	35,302,136	2,037,666	35,773,763	
Less accumulated depreciation:				
Buildings and improvements	(8,880,093)	(220,297)	(9,100,390)	
Land improvements	(597,088)	(98,755)	(695,843)	
Equipment and vehicles	(4,976,167)	(301,535)	(5,277,702)	
Infrastructure	(1,885,934)	(352,553)	(2,238,487)	
Total Accumulated Depreciation	(16,339,282)	(973,140)	(17,312,422)	
CAPITAL ASSETS, NET	\$18,962,854	\$1,064,526	\$17,461,341	

NOTE G – CAPITAL ASSETS (Continued):

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activities:	
General Government	\$470,293
Public Safety	186,328
Public Works	107,271
Recreation and Culture	78,029
Internal Service Fund charged to above activities	131,219
Total Depreciation Expense	\$973,140

A summary of changes in business-type activities capital assets is as follows:

	Balance December 31, 2019		Balance December 31, 2020	
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$10,888	\$-	\$10,888	
Construction in progress	13,781,938	250,445	13,990,086	
Subtotal	13,792,826	250,445	14,000,487	
Capital assets being depreciated:				
Building and improvements	68,793	-	68,793	
Equipment	447,228	50,401	497,629	
Sewer system	14,738,040	1,994,339	16,732,379	
Water system	4,290,204	11,995,747	16,285,951	
Subtotal	19,544,265	14,040,487	33,584,752	
Total Capital Assets	33,337,091	14,290,932	33,637,937	
Less accumulated depreciation:				
Building and improvements	(42,873)	(1,728)	(44,601)	
Equipment	(243,524)	(33,951)	(277,475)	
Sewer system	(11,166,843)	(354,389)	(11,521,232)	
Water system	(2,676,822)	(82,304)	(2,759,126)	
Total Accumulated Depreciation	(14,130,062)	(472,372)	(14,602,434)	
CAPITAL ASSETS, NET	\$19,207,029	\$13,818,560	\$19,035,503	

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-type Activities:	
Sewer	\$390,068
Water	82,304
Total Depreciation Expense	\$472,372

NOTE G – CAPITAL ASSETS (Continued):

A summary of the changes in component unit activities capital assets is as follows:

	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020
COMPONENT UNIT:				
Capital assets not being depreciated:				
Land	\$-	\$-	\$-	\$-
Construction in progress	-	-	-	-
Subtotal	-	-	-	-
Capital assets being depreciated:				
Land improvements	139,829	-	-	139,829
Infrastructure	2,169,572	-	-	2,169,572
Subtotal	2,309,401	-	-	2,309,401
Total Capital Assets	2,309,401	-	-	2,309,401
Less accumulated depreciation:				
Land improvements	(30,984)	(7,947)	-	(38,931)
Infrastructure	(536,225)	(105,471)	-	(641,696)
Total Accumulated Depreciation	(567,209)	(113,418)	-	(680,627)
CAPITAL ASSETS, NET	\$1,742,192	(\$113,418)	\$-	\$1,628,774

Depreciation expense for the component unit activities was charged to the following functions and activities of the primary government:

Component Unit Activities:	
DDA	\$113,418
Total Depreciation Expense	\$113,418

NOTE H – CONSTRUCTION IN PROGRESS:

The City has a number of projects underway which involve additions, extensions, and improvements to the City cemetery, parks, streets, sanitary sewer, and water systems. Major construction projects in progress as of December 31, 2020 include the following:

Senior Citizen Center Project, \$1,030,170; the City began construction for a new Senior Citizen Center during the year. Total cost for the project is expected to be \$2,103,680. Funding for the project is through a Community Development Block Grant for \$1,896,342, which requires a 2% private match being paid for by the Greater Ishpeming Commission on Aging. The old Senior Citizen Center located on Pine Street was demolished and the new Senior Citizen Center will be located on Greenwood Street and will offer over 3,000 square feet of community space. The project is expected to be completed summer 2021.

Lake Bancroft Pavilion; the City began construction of a Pavilion at Lake Bancroft in 2019. Total cost for the project was expected to be approximately \$600,000. Funding for the project through \$50,000 from DDA, \$250,000 from Cliffs Eagle Mine grants, and \$300,000 from DNR grant. The project was completed in 2020 at a total cost of \$645,503.

NOTE H – CONSTRUCTION IN PROGRESS (Continued):

Columbarium, \$18,000; the City placed an order for a new Columbarium at the cemetery. The columbarium is expected to be delivered and installed in the spring of 2020.

Park Street Lift Station, \$42,297; in 2020 the City began construction of a lift station at Park Street. Total cost of the project is approximately \$46,400. The project is expected to be completed in 2021.

Water Improvement Project-SAW grant; in 2015 in conjunction with the City's Water Improvement Project (see below) the City began replacing sewer lines that were degraded. The City utilized a Stormwater Asset Management and Wastewater (SAW) grant through Michigan Department of Environmental Quality (MDEQ) to help offset the costs. The was completed in 2020 at a total cost of \$1,994,339.

Water Improvement Project; in 2015 City secured grant and USDA funding for a water line replacement project within the City. The project was estimated to cost approximately \$12,000,000 with funding being provided through a USDA loan totaling \$8,980,000 and a USDA grant totaling \$3,020,000. The project was completed in 2020 with a total cost of \$12,046,148 for all components.

As of December 31, 2020, total construction in progress costs incurred amounted to \$1,030,170 in the governmental type activities and \$42,297 in the business-type activities.

NOTE I – LONG-TERM PAYABLE TO DDA:

In the past the DDA loaned the City money to finance various City projects. In 2015, the City Council agreed to a 20-year payment plan schedule to pay back the DDA the amount owed with annual payments of \$37,247 beginning in 2015. The balance outstanding as of December 31, 2020 is \$521,460.

NOTE J – LONG -TERM DEBT:

A summary of long-term obligations at December 31, 2020 and transactions related thereto for the year then ended is as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Limited Tax General Obligation Building Authority Bonds, Series 2000, Payable semi-annually including interest of 4.25% per annum.	\$502,000	\$-	(\$35,000)	\$467,000	\$37,000
Limited Tax General Obligation Building Authority Bonds, Series 2002, Payable semi-annually including interest of 4.75% per annum.	54,000	-	(3,000)	51,000	3,000
General Obligation Limited Tax Capital Improvement Bonds, Series 2011, Payable semi-annually including interest of 3.00% to 5.00% per annum.	476,400	-	(52,800)	423,600	54,000
Building Authority Bonds, Series 2015, Payable semi-annually including interest of 3.25% per annum.	1,286,000	-	(31,000)	1,255,000	32,000

NOTE J – LONG -TERM DEBT (Continued):

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Building Authority Bonds, Series 2016, Payable semi-annually including interest of 3.125% per annum.	\$229,000	\$-	(\$6,000)	\$223,000	\$6,000
General Obligation Unlimited Tax Bonds, Series 2017. Payable semi- annually including interest of 3.00% to 3.125% per annum.	725,000	-	(65,000)	660,000	65,000
2019 Dodge Charger Lease, Payable annually including interest of 5.24%.	29,204	-	(14,229)	14,975	14,975
Snowplow Loan, Payable monthly including interest rate of 3.60%.	136,790	-	(28,376)	108,404	29,547
2020 Dodge Charger Lease, Payable annually including interest of 5.24%	-	35,870	(12,572)	23,298	11,351
SUBTOTAL	3,438,384	35,870	(247,977)	3,226,277	252,873
Less: Premium on bonds	(11,674)	-	1,112	(10,562)	-
SUBTOTAL	3,426,710	35,870	(246,865)	3,215,715	252,873
Compensated absences	243,162	-	(14,371)	228,791	19,633
TOTAL GOVERNMENTAL ACTIVITIES	\$3,669,872	\$35,870	(\$261,236)	\$3,444,506	\$272,506

BUSINESS-TYPE ACTIVITIES:

Installment payable for purchase of Vocal Freightliner. Payable annually beginning November 1, 2016 including interest of 2.9%. Secured by equipment.	\$64,654	-	(\$64,654)	\$-	\$-
Water Revenue Bonds, Series 2017. Payable semi-annually beginning June 1, 2018 including interest of 2.125%	8,687,000	-	(151,000)	8,536,000	154,000
SUBTOTAL	8,751,654	-	(215,654)	8,536,000	154,000
Compensated absences	13,839	4,468	-	18,307	1,704
TOTAL BUSINESS-TYPE ACTIVITIES	\$8,765,493	\$4,468	(\$215,654)	\$8,554,307	\$155,704

COMPONENT UNIT:

General Obligation Limited Tax Capital Improvement Bonds, Series 2011. Payable semi-annually including interest of 3.00% to 5.00% per annum.	\$1,508,600	\$-	(\$167,200)	\$1,341,400	\$171,000
TOTAL COMPONENT UNIT	\$1,508,600	\$-	(\$167,200)	\$1,341,400	\$171,000

The annual principal and interest requirements for the years ending December 31, 2020 and thereafter, excluding accrued compensated absences, are as follows:

NOTE J – LONG -TERM DEBT (Continued):

	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$252,873	\$118,487	154,000	179,754	171,000	58,763
2022	228,391	108,484	157,000	176,450	110,200	52,003
2023	222,782	98,539	161,000	173,071	114,000	47,239
2024	212,631	89,141	164,000	179,618	117,800	42,239
2025	206,400	81,169	168,000	176,091	121,600	37,002
2026-2030	1,059,200	279,358	893,000	774,871	706,800	89,808
2031-2035	297,000	149,908	992,000	674,858	-	-
2036-2040	343,000	99,336	1,102,000	563,700	-	-
2041-2045	404,000	39,782	1,225,000	440,142	-	-
2046-2050	-	-	1,361,000	302,931	-	-
2051-2055	-	-	1,512,000	150,405	-	-
2056-2060	-	-	647,000	13,780	-	-
Totals	\$3,226,277	\$1,064,204	\$8,536,000	\$3,805,671	\$1,341,400	\$327,054

NOTE K – COMPENSATED ABSENCES:

The City accrues the liability for earned sick leave using the vesting method. The liability is accrued as the benefits are earned if it is probable that the City will compensate the employees conditioned upon retirement, death or termination of employment. Employees earn sick leave at the rate of one (1) day per month, not to exceed 12 days per year. Upon termination in good standing, retirement, death, or disability, employees or their estates, shall be paid for sick leave accumulated at their current rate of pay as dictated by the respective union contract or employment agreement.

Employees earn vacation leave at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation days accumulated at their current rate of pay.

The current portion of the liability for governmental fund types and the entire liability for proprietary fund types are reported as part of the accrued expenses in the respective funds. The long-term portion of the liability applicable to the governmental fund types is reported in the Statement of Net Position. The liability is recorded as follows:

	Sick	Vacation	Total
Current Portion:			
General Fund	\$-	\$19,436	\$19,436
Motor Pool Fund	-	197	197
Sewer Fund	-	281	281
Water Fund	-	1,423	1,423
Total Current	-	21,337	21,337
Long-term Portion:			
Governmental Activities	112,411	85,386	197,797
Motor Pool Fund	5,666	5,695	11,361
Sewer Fund	1,335	844	2,179
Water Fund	8,067	6,357	14,424
Total Long-term	127,479	98,282	225,761
GRAND TOTAL	\$127,479	\$119,619	\$247,098

NOTE L – TAXES LEVIED FOR A SUBSEQUENT PERIOD:

Property taxes levied on December 1, 2020 have met all criteria related to revenue recognition except for time and as such are recorded as a deferred inflow of resources under GASB 65. The amount of taxes levied for a subsequent period is as follows:

Primary Government	
General Fund	\$1,573,790
Public Improvement Fund	514,609
Fire Fund	111,186
Subtotal	2,199,585
Fiduciary:	
Pension Trust Fund	290,064
Component Unit:	
DDA Fund	247,734
TOTAL	\$2,737,383

NOTE M – FUND BALANCES – GOVERNMENTAL FUNDS:

Fund balances of the governmental funds are classified as follows:

Non-spendable — amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Manager or the City Council may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of December 31, 2020, fund balances are composed of the following:

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	\$173,192	\$-	\$-	\$-	\$173,192
Corpus	-	-	-	988,983	988,983
Subtotal	173,192	-	-	988,983	1,162,175

NOTE M – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Restricted:					
Transportation Funds	\$-	\$890,065	\$-	\$-	\$890,065
Public Improvement Levy	-	-	349,917	-	349,917
Senior Center Project	-	-	1	-	1
Fire Levy	-	-	-	67,290	67,290
Firefighter Longevity	-	-	-	215,638	215,638
Perpetual Care	-	-	-	218,908	218,908
Cemetery Care	-	-	-	10,177	10,177
Subtotal	-	890,065	349,918	512,013	1,751,996
Committed	-	-	-	-	-
Assigned:					
Garbage Activities	-	249,127	-	-	249,127
Library Improvements	-	-	-	50,708	50,708
Lake Bancroft	-	-	-	5,949	5,949
Welcome baskets	960	-	-	-	960
Subtotal	960	249,127	-	56,657	308,744
Unassigned	736,808	-	-	-	736,808
Total fund balances	\$910,960	\$1,139,192	\$349,918	\$1,557,653	\$3,957,723

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

NOTE N – DEFINED BENEFIT PENSION PLAN:

The following information is based upon the latest available actuarial valuation (as of December 31, 2019).

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description – The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided –

	2019 Valuation		11 – Union/Supervisor:
	01 – CI & Pub Wks:	10 – Supervisory:	
	Open Division	Open Division	Open Division
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60	60
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25	50/25
Early Retirement (Reduced):	55/15	55/15	55/15
Final Average Compensation:	3 years	3 years	3 years
COLA for Future Retirees:	2.50% (Non-compound)	2.50% (Non-compound)	2.50% (Non-compound)
Employee Contributions:	5.43%	7.31%	9.70%
Act 86:	Yes (Adopted 2/3/1965)	Yes (Adopted 2/3/1965)	Yes (Adopted 2/3/1965)

Employees covered by benefit terms – At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	42
Inactive employees entitled to but not yet receiving:	4
Active employees:	28
Total	74

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The contribution rates as a percentage of payroll as December 31, 2019 are as follows:

Division	Employer Contribution	Employee Contribution
01 – CI & Pub Wks	50.46%	5.43%
10 – Supervisory	51.39%	7.51%
11 – Union/Supervisor	144.25%	9.70%

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

There were no contributions requirements for closed divisions. The City closed all divisions effective with the December 31, 2020 valuation.

Net Pension Liability – The employer’s Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2019.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.00% in the long term

Investment Rate of Return: 7.35%, net of investment expense, including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

Possible future mortality improvements are reflected in the mortality assumption. The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study. Mortality rates continue to improve for public sector employees.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.0%	5.19%	3.68%
Global Fixed Income	20.0%	0.75%	0.28%
Private Investments	20.0%	1.81%	1.29%
	100.0%	7.75%	5.25%

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

Discount rate – The discount rate used to measure the total pension liability is 7.60% for 2019. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

Changes in Net Pension Liability

Changes in Net Pension Liability	Calculating the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2019	\$17,303,930	\$8,466,328	\$8,837,602
Changes for the Year			
Service Cost	235,763	-	235,763
Interest on Total Pension Liability	1,280,589	-	1,280,589
Changes in benefits	-	-	-
Difference between expected and actual experience	219,561	-	219,561
Change in assumptions	571,248	-	571,248
Employer Contributions	-	808,559	(808,559)
Employee Contributions	-	87,601	(87,601)
Net Investment Income	-	1,064,923	(1,064,923)
Benefit payments, including employee refunds	(1,143,922)	(1,143,922)	-
Administrative expense	(62,771)	(16,882)	(16,882)
Other changes	1,100,468	800,279	300,189
Net Changes	\$16,404,398	\$9,266,607	\$9,137,791
Balances at 12/31/2020			

Net Pension Liability (NPL):
MERS – Primary Government \$9,137,791
Police-Fire – Primary Government (see Note O) 2,144,901
NPL reported in the Statement of Net Position \$11,282,692

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability at 12/31/2020	\$9,137,791	\$9,137,791	\$9,137,791
Change in Net Pension Liability	2,078,823	-	(1,740,550)
Calculated Net Pension Liability	\$11,216,614	\$9,137,791	\$7,397,241

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended 2020 the employer recognized pension expense of \$333,911. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$249,804	\$-
Difference in assumptions	383,283	(2,451)
Excess (Deficit) Investment Returns	-	(291,345)
Total	\$633,087	(\$293,796)

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

Plan (Fiscal) Year Ended	Amount
December 31, 2020 (2021)	\$309,355
2021 (2022)	287,455
2022 (2023)	(171,212)
2023 (2024)	(86,307)
2024 (2025)	-
Thereafter	-
Total	\$339,291

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

A reconciliation of deferred amounts related to pension reported on the Statement of Net Position for all pension plans is as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
MERS – Primary Government	\$633,087	(\$293,796)
Police-Fire – Primary Government (see Note P)	-	(124,687)
Total	\$633,087	(\$418,483)

Contributions subsequent to the measurement date:
Police-Fire – Primary Government (see Note P) \$257,009

Payable to the Pension Plan

At December 31, 2020, there was a reported payable of \$65,777 for the outstanding amount of contributions to the pension plan.

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN:

General Information about the Pension Plan

Plan Description – The City of Ishpeming is the administrator of a single-employer public employee retirement system that covers all Police and Fire Department employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries. Management of the System is vested in City of Ishpeming ACT 345 Police-Fire Pension Board of the City of Ishpeming, Michigan Policemen and Firemen Retirement System, which consist of five members: two that are elected (two representing police employees), two that are appointed by the City Council of the City of Ishpeming and one that is the Treasurer of the City of Ishpeming.

Benefits Provided:

	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (plus 1% for years in excess of 25 years)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	Not applicable
Average Final Compensation (AFC):	3 years
COLA for Future Retirees:	None
Employee Contributions:	5.00%
Non-duty Disability:	To age 55: 1.5% multiple At age 55: same as above
Duty Disability:	To age 55: 50% AFC At age 55: same as above w/ service credit from date of disability to age 55.

Employees covered by benefit terms – At the December 31, 2019 valuation date, the latest actuarial valuation date, the following employees were covered by the benefit terms:

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Inactive employees or beneficiaries currently receiving benefits:	20
Inactive employees entitled to but not yet receiving:	4
Active employees:	9
Total	<u>33</u>

Contributions – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 5% of gross wages.

The contribution rates as a percentage of payroll as December 31, 2019 are as follows: employer 42.16% and employee 5.00%.

There were no contributions requirements for closed divisions.

Net Pension Liability – The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.5%

Salary Increases: 3.5% in the long-term

Investment rate of return: 7.0%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.5% long-term wage inflation assumption would be consistent with a price inflation of 2.75%.

Mortality rates used were based on the RP-2014 Employee Mortality Tables, RP-2014 Healthy Annuitant Mortality Table, and RP-2014 Disabled Mortality Tables adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements using scale MP-2015 was used. Additional margin for future mortality improvements are included in the projection scale..

Disability rates: It is assumed that 20% of disabilities before retirement are duty related. These rates were first used for the December 31, 1985 valuation.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2003.

Long-Term Expected Return on Plan Assets – The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations were estimated based on the asset allocation provided by the client as of December 31, 2019.

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Best estimates of arithmetic real rates of return were approximated using expected returns from twelve investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.61%	0.01%
Domestic Equity – Large Cap	24.67%	1.24%
Domestic Equity – Small Cap	24.67%	1.42%
International Equity	10.57%	0.70%
Emerging Markets	10.57%	0.95%
Domestic Corporate Fixed Income	17.28%	0.28%
Domestic Government Fixed Income	8.64%	0.09%
Treasury Inflation Protected Securities	0.00%	0.00%
High Yield Bonds	0.00%	0.00%
Real Estate	1.99%	0.09%
Private Equity	0.00%	0.00%
Hedge Funds	0.00%	0.00%
Other Alternatives	0.00%	0.00%
TOTAL	100.00%	

Deposits and Investments – Michigan statute (Act 314, PA 1965, as amended) authorizes the System to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds. The City of Ishpeming ACT 345 Police-Fire Pension Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the City of Ishpeming ACT 345 Police-Fire Pension Board.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value, which is determined by the System custodian in consultation with the System's investment managers. When sold, the cost of common stock sold is determined on the average cost method. Realized and unrealized gains or losses are reflected in revenues.

Concentration of Investments – The fair value of individual investments that represent 5.0% or more of the Plan's net position is as follows:

IShares Core S&P 500	1,499,000.00 units	\$562,710
Schwab US Large CAP	4,433,000.00 units	569,242
Dodge & Cox Income Fund	38,582,207.00 units	565,229
Doubleline Core Fixed	49,568,507.00 units	561,115
JOHcm Gbl Eqty Fd Cl I	18,539,424.00 units	561,003
Pimco Rae International	56,868,228.00 units	565,839
Pimco Rae US Instl	42,167,901.00 units	492,598

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits); and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index); and the resulting single discount rate is 7.00%.

Changes in Net Pension Liability

Changes in Net Pension Liability	Calculating the Net Pension Liability	
	Total Pension Liability (a)	Net Pension Liability (a) – (b)
Balances at 12/31/2018	\$6,688,702	\$3,995,161
Changes for the Year		
Service Cost	107,651	-
Interest on Total Pension Liability	454,476	-
Changes in benefits	-	-
Difference between expected and actual experience	(122,404)	-
Change in assumptions	-	-
Employer Contributions	-	229,122
Employee Contributions	-	24,114
Net Investment Income	-	753,628
Benefit payments, including employee refunds	(500,023)	(500,023)
Administrative expense	-	(18,501)
Other changes	-	-
Net Changes	(60,300)	488,340
Balances at 12/31/2019	\$6,628,402	\$4,483,501
		\$2,144,901

Note: Based on December 31, 2019 actuarial valuation, the most recent actuarial report available.

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease	Current	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability at 12/31/2019	\$2,144,901	\$2,144,901	\$2,144,901
Change in Net Pension Liability	763,725	-	(636,414)
Calculated Net Pension Liability	\$2,908,626	\$2,144,901	\$1,508,487

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended 2020 the employer recognized pension expense of (\$87,423). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$-	(\$85,703)
Difference in assumptions	-	-
Excess (Deficit) Investment Returns	-	(38,984)
Contributions subsequent to the measurement date*	257,009	(\$124,687)
Total	\$257,009	

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the plan year ending 2020.

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

Plan (Fiscal) Year Ended December 31,	Amount
2020 (2021)	(\$5,896)
2021 (2022)	(35,560)
2022 (2023)	18,698
2023 (2024)	(101,929)
2024 (2025)	-
Thereafter	-
Total	(\$124,687)

Payable to the Pension Plan – At December 31, 2020, there was a reported payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

NOTE P – NET PENSION LIABILITY OF THE CITY (UNDER GASB 67):

The components of the City's net pension liability for the Policemen and Firemen Retirement System at December 31, 2020, are as follows:

Total pension liability	\$6,628,402 *
Plan fiduciary net position	4,483,501 *
City's net pension liability	\$2,144,901 *
Plan fiduciary net position as a percentage of the total pension liability	67.64% *

*As of December 31, 2019, the most recent actuarial report available.

NOTE Q – DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is available to all City employees, and it permits them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency. The amounts deferred under the plan are held in a trust for the exclusive benefit of plan participants and their beneficiaries.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the City's general creditors. However, the Plan continues to be presented in these financial statements, as the City retains a fiduciary duty of care over the Plan. In the past, the plan assets have been used for no purpose other than to pay benefits and administrative costs.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the City has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The plan is administered by the Nationwide Retirement Solutions, which agrees to hold harmless and indemnify the City, its appointed and elected officers and participating employees from any loss resulting from it or its agents' failure to perform their duties and services pursuant to the Nationwide Retirement Solutions program.

NOTE R – OTHER POST-EMPLOYMENT BENEFITS:

The City has a defined contribution Post Employment Health Plan (PEHP) administered by Nationwide Retirement Solutions. The purpose of the PEHP plan is to provide reimbursement of qualifying health care and medical insurance premium expenses upon separation from employment for employees covered by collective bargaining agreements.

Terms for eligibility and contribution rates are specified in the City's various collective bargaining agreements. Individual employee accounts consist of employer contributions and investment returns. The Plan does not have any vesting requirements; therefore, employees are immediately vested. Employee contributions range from \$28 to \$32 per pay period, respectively, based on union contracts. The City matches employee contributions to the Plan. For the year ended December 31, 2020, the City's contributions totaled approximately \$30,958.

NOTE S – PROPERTY TAXES:

The City of Ishpeming levied 13.1795 mills for the General Fund, 4.3930 mills for the Public Improvement Fund, 0.8822 mills for Fire Equipment, and 2.4762 mills for the Policemen and Firemen Retirement Fund for calendar year 2020. The millage rate is based on each \$1,000.00 of property assessed valuation and the current Taxable Value of the City is \$125,901,216.

NOTE T – IRON ORE HERITAGE RECREATION AUTHORITY:

In November 2008, the City of Ishpeming, Michigan joined with other municipalities to create the Iron Ore Heritage Recreation Authority. The Authority was created pursuant to Act 321 of 2000 (the "Recreation Authorities Act") to acquire, construct, operate, maintain or improve a public park for recreational purposes, specifically limited to a permanent, year-round signed and surfaced trail system open to the public, to provide amenities along the trail, to encourage tourism development along the trail system, to encourage municipalities to tie compatible links into the trail system allowing for greater access to businesses, parks and schools and to conduct other activities permitted under Act 321 of 2000.

NOTE T – IRON ORE HERITAGE RECREATION AUTHORITY (Continued):

The authority is governed by a Board of Directors consisting of an odd number of members, with one (1) member to be appointed by the legislative body of each participating municipality. All Authority decisions must be passed by a majority of the members of the Board.

The Board shall obtain an annual audit of the Authority. A summary of financial information from the separately audited financial statements of the Authority for the year ended December 31, 2020 is as follows:

Assets	\$3,371,591
Deferred Outflows of Resources	-
Liabilities	19,364
Deferred Inflows of Resources	347,674
Net Position	3,004,553
Operating Revenues	670,424
Operating Expenses	782,212
Increase (decrease) in net position	(111,788)

NOTE U – JOINT VENTURES:

Ishpeming Area Joint Wastewater Treatment Facility

The City of Ishpeming and the Township of Ishpeming entered into an agreement on December 10, 1981 for the purpose of creating the Ishpeming Area Joint Wastewater Treatment Board (Board). The Facility shall design, construct, operate and maintain a joint wastewater treatment plant and related facilities. Unless otherwise agreed by the City and Township, the Board shall not levy or assess user charges, sewer rates, or fees directly against individual users of the wastewater treatment plant, but shall instead be reimbursed by contract payments from the City and Township.

The City and Township shall be responsible for collecting user charges, sewer rates, fees, penalties and the like from their respective residents and users of the system.

The City utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

A summary of condensed financial information of the Facility, in the aggregate, as of December 31, 2020, is as follows:

Assets	\$6,389,140
Deferred Outflows of Resources	97,864
Liabilities	135,642
Deferred Inflows of Resources	92,404
Equity - All local units	6,258,958
Operating Revenues	1,246,377
Operating Expenses	1,527,185
Other Income	297,633
Increase (decrease) in net position	16,825
City's Share of Net Income (loss)	113,910

NOTE U – JOINT VENTURES (Continued):

Marquette County Solid Waste Management Authority
In February 1990, the City of Ishpeming joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The City's share of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund equity is 10.16 percent. Summary financial information as of and for the fiscal year ended June 30, 2020 is as follows:

Assets	\$18,460,076
Deferred Outflows of Resources	148,260
Liabilities	8,294,563
Deferred Inflows of Resources	131,727
Net Position	10,182,046
Operating Revenues	3,803,185
Operating Expenses	3,854,521
Non-operating Revenues (Expenses)	227,972
Net Income (Loss)	176,636

Negaunee - Ishpeming Water Authority Board

The City of Ishpeming and the City of Negaunee entered into an intergovernmental agreement dated January 7, 1988, and amended on July 31, 1991, for the purpose of creating the Negaunee-Ishpeming Water Authority Board (Board), a corporate public body. The Board is to design, construct, own, operate and maintain a joint municipal water supply system and related facility. As part of the agreement, the City paid 50% of the preliminary engineering, design engineering, and bidding costs, and 60% of the capital costs.

On January 11, 1993, the County of Marquette issued Ishpeming/Negaunee Water Supply System Bonds – 1992 Issue of \$4,660,000 for the purpose of constructing a Water Plant and establishing a new water source for the City of Ishpeming and the City of Negaunee. Under the contract the City of Negaunee is obligated to pay \$2,860,000 over the next 20 years with interest rates ranging from 4.00% to 6.90% and the City of Ishpeming is obligated to pay \$1,800,000 over the next 10 years with interest rates ranging from 4.00% to 6.10%. The City of Ishpeming has fulfilled its obligation as of December 31, 2004.

NOTE U – JOINT VENTURES (Continued):

The total cost of construction of the project was approximately \$7,000,000. The funding sources, in addition to the bond offering, consist of a \$1,000,000 U.S. Economic Development Administration Grant; a \$500,000 Michigan Community Development Block Grant; and \$840,000 in local funds.

A summary of the audited financial statements of the Board as of and for the year ended December 31, 2018 (the most recent report available) is as follows:

Total Assets	\$2,312,660
Total Liabilities	26,192
Total Net Position	2,286,468
Total Operating Revenues	615,271
Total Operating Expenses	680,780
Other Revenues and (Expenses)	9,752
Change in Net Position	(55,757)

The balance of the investment in Board for the year ended December 31, 2020 of \$3,507,323 represents the City's net investment in the Board.

NOTE V – CONTINGENT LIABILITIES:

Risk Management – The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The City joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The City is unable to provide an estimate of the amounts of additional assessments that may be required to make the pool self-sustaining.

Grant Assistance – The City has received significant assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the City.

NOTE W – TAX ABATEMENTS:

The City receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield exemptions, Neighborhood Enterprise Zone (NEZ) exemptions, Obsolete Property Rehabilitation Act (OPRA) exemptions, and Eligible Manufacturing Personal Property (EMPP) exemptions granted by other governmental agencies within the City in accordance with State laws. These tax exemptions are intended to promote economic development and/or growth within the issuing government's jurisdiction.

NOTE W – TAX ABATEMENTS (Continued):

For purposes of disclosure under GASB 77, the City discloses tax abatements by issuing government and type greater than \$5,000 in the aggregate. For the fiscal year ended December 31, 2020, there were no other significant tax abatements made by the City or any other governmental unit within the City.

NOTE X – SINGLE AUDIT:

During the year ended December 31, 2020, the Federal aid received and expended by the City was \$1,341,680. This is greater than the single audit threshold of \$750,000; therefore, the City is subject to a single audit under the Uniform Guidance.

NOTE Y – NEW GASB STANDARDS:

Management of the City has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the City by management are described below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

None.

Other Recently Issued Accounting Pronouncements

In August 2018, the GASB issued Statement No. 90, Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61. The statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment as defined by GASB 72, Fair Value Measurement and Application (paragraph 64). A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City does not have any majority equity interests in legally separate organizations that meet the definition of GASB 90; therefore GASB 90 is not applicable to the City.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS:

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

GASB 87: Leases

Originally effective for fiscal years beginning after December 15, 2019; postponed by GASB 95 to fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89: Accounting for Interest Cost Incurred before the end of a Construction Period

Originally effective for fiscal years beginning after December 15, 2019; postponed by GASB 95 to fiscal years beginning after December 15, 2020 (City's fiscal year 2021)

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus.

GASB 91: Conduit Debt Obligations

Originally effective for fiscal years beginning after December 15, 2020; postponed by GASB 95 to fiscal years beginning after December 15, 2021 (City's fiscal year 2022)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for account and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a party bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

GASB 92: Omnibus 2020

Originally effective for fiscal years beginning after June 15, 2020; postponed by GASB 95 to fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

This Statement enhances comparability of accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

GASB 93: Replacement of Interbank Offered Rates

Originally effective for fiscal years beginning after June 15, 2019; postponed by GASB 95 to fiscal years beginning after June 15, 2020 (City's fiscal year 2021)

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing the fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedge item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedge expected transactions is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements Effective for fiscal years beginning after June 15, 2022 (City's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

Under this Statement, a PPP is defined as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Under this Statement a PPP meets the definition of a service concession arrangement (SCA) if: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB 95: Postponement of the Effective Dates of Certain Authoritative Guidance Effective for fiscal years beginning after June 15, 2018 (City's fiscal year 2019 and after)

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The City chose to implement GASB No. 84 and GASB No. 88 according to their original implementation dates (December 31, 2019) and to postpone implementation of GASB No. 90 by one year to the current year (see Note Y).

GASB 96: Subscription-Based Information Technology Arrangements Effective for fiscal years beginning after June 15, 2022 (City's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 Effective for fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

NOTE AA – UNRESTRICTED NET POSITION DEFICIT:

In accordance with Public Act 140 of 1970, the City is required to file a deficit elimination plan for all funds that have a deficit at the end of the fiscal year. As of December 31, 2020, the City had an unrestricted net position deficit in the Water Fund totaling \$339,726.

For purposes of determining if a fund is in a deficit position, the Michigan Department of Treasury's Local Audit and Finance Division issued Numbered Letter 2016-1. For governmental funds, "unrestricted fund balance" is the sum of the Committed, Assigned, and Unassigned balances.

For proprietary funds, fiduciary funds, and discretely presented component units the Department of Treasury created a deficit test for determining if a fund is in a deficit position and the deficit amount for which a deficit elimination plan must be submitted. The test is summarized as below:

Step 1: Does the "unrestricted net position" or "total net position" have a deficit? If both are "no", no plan is necessary. If one is "yes", is the "deferred inflows of resources minus taxes and special assessments receivable" greater than either deficit? If "yes", no plan is necessary. If "no", proceed to Step 2.

Step 2: Calculated current assets minus current liabilities. For this calculation, current liabilities should not include the current portion of long-term obligations. If the answer is positive, no plan is necessary. If the answer is negative, proceed to Step 3.

Step 3: Compare A) the larger deficit between the "unrestricted net position" and the "total net position", and B) current assets minus current liabilities.

Step 4: Submit a plan to eliminate the smaller deficit between A and B.

The results of performing the deficit test revealed the Water Fund is not required to file a deficit elimination plan with the Department of Treasury as current assets minus current liabilities is positive.

NOTE AB – SUBSEQUENT EVENTS:

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in the temporary reduction of operating hours for many local units of government as well as temporary local government closures that were mandated. As the country is in the midst of recovery from the pandemic there have been promises of stimulus monies to be distributed to individuals, local and state governments, as well as increased funding to federal agencies.

At the current time, we are unable to quantify the potential effects of the various recovery plans from the pandemic may have on our future financial statements.

NOTE AB – SUBSEQUENT EVENTS (Continued):

Refunding Bonds

The City is currently in the process of reviewing outstanding debt available for refunding in order to take advantage of lower interest rates. The bonds available for refunding include: 2011 Capital Improvement Bonds, 2002 Building Authority Bonds, and the 2000 Building Authority Bonds.

The City is set to close on the bonds June 22, 2021 in the amount of \$2,030,000 related to the refunding bonds being sold at a premium of \$98,961 for total proceeds of \$2,128,961.

Pension Obligation Bonds

Under Public Act 202 of 2017 a local unit of government is required to file with the Michigan Department of Treasury a corrective action plan if the local unit's funding status is determined to be underfunded as determine by Section 5 of the Act and the local unit does not have a waiver under Section 6 of the Act. For fiscal year 2019 the City's MERS plan met the definition of being underfunded and has made efforts to reduce its pension liability by closing the plan to new hires effective January 1, 2020; however, the effects of these changes were determined to be insufficient to offset the steady increase of the City's required annual contributions to the pension plan.

The City is currently in the process of issuing Pension Obligation Bonds to remove the City from the "underfunded" status for Public Act 202 of 2017. The City will also receive the benefit of more uniform debt service payments versus the ever-changing actuarial determined contribution which is anticipated to continue to see high increases as the actuarial assumptions and discount rates continue to change.

The bonds cannot exceed the difference between 95% of the actuarial value of liabilities and 100% of the actuarial or market value of assets. The City intends to issue bonds not to exceed \$12,000,000 and to close on the bonds in August 2021.

Litigation

In January 2021, a personal injury case was filed against the City. The City's liability insurance is covering the legal fees related to the case. Currently the case is in the process of discovery; as such, there is no estimated liability for a potential claim recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

(Ultimately 10 years will be displayed)

	Plan Year Ending December 31				
	2020	2019	2018	2017	2016
Change in total pension liability					
Service cost	\$ 235,763	\$ 209,452	\$ 202,632	\$ 200,575	\$ 183,436
Interest	1,280,589	1,303,816	1,269,953	1,209,026	1,177,043
Change in benefit terms	-	(136)	(24)	(131)	-
Differences between expected and actual experience	219,561	278,635	42,208	426,449	(240,242)
Changes in assumptions	571,246	-	-	-	605,071
Refund of contributions	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(989,793)
Other	(62,771)	(110,789)	83,985	(11,304)	(86,136)
Net change in total pension liability	1,100,468	840,912	433,065	610,210	889,379
Total pension liability, beginning of year	17,303,930	16,763,016	16,329,953	15,519,743	14,860,364
Total pension liability, end of year	(a) 18,404,398	17,303,930	16,763,016	16,329,953	15,519,743
Change in plan fiduciary net position					
Contributions – employer	808,559	825,950	601,641	585,638	537,665
Contributions – member	87,601	99,950	81,803	81,314	141,948
Net investment income	1,064,323	1,029,601	(316,566)	1,019,969	822,986
Administrative expenses	(1,143,322)	(1,140,064)	(1,163,689)	(1,014,405)	(989,793)
Administrative expense	(16,882)	(17,706)	(16,112)	(16,175)	(16,241)
Other	-	-	2	-	-
Net change in plan fiduciary net position	800,279	796,931	(812,943)	636,541	516,577
Plan fiduciary net position, beginning of year	8,466,328	7,669,397	8,482,340	7,845,799	7,329,222
Plan fiduciary net position, end of year	(b) 9,266,607	8,466,328	7,669,397	8,482,340	7,845,799
City's net pension liability, end of year	(a)-(b) \$ 9,137,791	\$ 8,837,602	\$ 9,093,621	\$ 7,847,613	\$ 7,673,944
Plan fiduciary net position as a percentage of the total pension liability	50.35%	48.93%	45.75%	51.94%	50.55%
Covered-employee payroll	\$ 1,492,241	\$ 1,331,729	\$ 1,312,420	\$ 1,266,057	\$ 1,229,890
City's net pension liability as a percentage of covered payroll	612.35%	663.62%	692.89%	626.50%	623.95%

Notes to schedule:

Benefit Changes:

Changes of Assumptions:

Above data are based on measurement date, which may not necessarily tie to the fiscal year

2020 - The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

2019 - Investment rate of return lowered from 8.0% to 7.75%.

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displayed)

	2015	Plan Year Ending December 31,
Change in total pension liability		
Service cost	\$ 176,348	
Interest	1,111,444	
Change in benefit terms	-	
Differences between expected and actual experience	-	
Changes in assumptions	-	
Refunds of member contributions	(896,652)	
Other	16,018	
Net change in total pension liability	407,158	
Total pension liability, beginning of year	14,253,206	
Total pension liability, end of year	14,660,364	
Change in plan fiduciary net position		
Contributions - employer	474,475	
Contributions - member	73,403	
Net investment income	(113,756)	
Administrative expenses	(896,652)	
Refunds of member contributions	(16,811)	
Administrative expense	(479,343)	
Net change in plan fiduciary net position	7,531,142	
Plan fiduciary net position, beginning of year	7,531,142	
Plan fiduciary net position, end of year	15,062,284	
Plan fiduciary net position, end of year (a)(b)	15,062,284	
City's net pension liability, end of year		
Plan fiduciary net position as a percentage of the total pension liability	49.99%	
Covered-employee payroll	\$ 1,195,774	
City's net pension liability as a percentage of covered payroll	613.09%	

Notes to schedule:
Benefit Changes:
Changes of Assumptions:
NONE
NONE

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2020 - The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35% effective with the December 31, 2019 valuation, first impacting 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

2016 - Investment rate of return lowered from 8.0% to 7.75%.

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CONTRIBUTIONS
(Ultimately 10 years will be displayed)

Fiscal Year Ending December 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2015	\$ 474,475	\$ 474,475	\$ -	\$ 1,195,774	39.68%
2016	537,665	537,665	-	1,229,890	43.72%
2017	565,838	565,838	-	1,296,057	43.66%
2018	601,641	601,641	-	1,312,420	45.84%
2019	774,794	825,950	(51,156)	1,331,729	62.02%
2020	808,559	808,559	-	1,492,241	54.18%

City of Ishpeming, Michigan
POLICE AND FIRE RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displayed)

	Plan Year Ending December 31			
	2020	2019	2018	2017
Change in total pension liability				
Service cost	Not Available	\$ 107,651	\$ 108,789	\$ 106,350
Interest	Not Available	454,476	450,415	440,259
Change in benefit terms	Not Available	-	-	-
Differences between expected and actual experience	Not Available	(122,404)	(7,962)	68,626
Changes in assumptions	Not Available	-	-	-
Benefit payments, including refunds on contributions	Not Available	(500,023)	(486,201)	(457,439)
Other changes	Not Available	(60,300)	65,945	157,796
Net change in total pension liability	-	6,628,402	6,622,757	6,454,961
Total pension liability, beginning of year	6,628,402	6,689,702	6,688,702	6,622,757
Total pension liability, end of year	6,628,402	6,628,402	6,688,702	6,464,961
Change in plan fiduciary net position				
Contributions – employer	257,009	228,122	178,625	163,460
Contributions – member	28,275	24,114	24,981	24,927
Net investment income	630,413	753,628	(405,269)	561,745
Realized/unrealized gains/losses on investments	(482,717)	(500,023)	(485,201)	(457,439)
Net change in member contributions	(43,884)	(18,501)	(19,633)	(11,797)
Administrative expenses	-	-	-	-
Other changes	409,096	488,340	(706,526)	280,926
Net change in plan fiduciary net position	4,483,501	3,995,161	4,701,607	4,420,054
Plan fiduciary net position, beginning of year	4,892,597	4,483,501	3,995,161	4,701,607
Plan fiduciary net position, end of year	4,892,597	4,483,501	3,995,161	4,701,607
City's net pension liability, end of year	6,628,402	6,628,402	6,688,702	6,464,961
Plan fiduciary net position as a percentage of the total pension liability	73.61%	67.64%	59.73%	70.99%
Covered-employee payroll	Not Available	\$ 515,441	\$ 486,037	\$ 475,982
City's net pension liability as a percentage of covered payroll	Not Available	416.13%	554.10%	404.11%
*Actuarial information not available				
Notes to Schedules:				
<i>Benefit Changes:</i>	Not Available	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	Not Available	NONE	NONE	NONE

City's net pension liability is based on most recent actuarial valuation date, December 31, 2019.

City of Ishpeming, Michigan
POLICE AND FIRE RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displayed)

	Plan Year Ending December 31			
	2015	2014	2013	2012
Change in total pension liability				
Service cost	\$ 111,812	\$ 114,128	\$ 114,128	\$ 114,128
Interest	438,498	-	477,261	-
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	(157,160)	(333,359)	(387,579)	(387,579)
Changes in assumptions	(56,392)	(387,579)	(387,579)	(387,579)
Benefit payments, including refunds on contributions	(415,168)	(430,902)	(430,902)	(430,902)
Other changes	(78,405)	(860,451)	-	-
Net change in total pension liability	6,415,944	6,976,395	6,415,944	6,415,944
Total pension liability, beginning of year	6,415,944	6,976,395	6,415,944	6,415,944
Total pension liability, end of year	6,337,539	6,415,944	6,415,944	6,415,944
Change in plan fiduciary net position				
Contributions – employer	199,322	201,791	22,745	22,745
Contributions – member	23,844	22,745	101,472	101,472
Net investment income	(187,393)	101,472	101,472	101,472
Realized/unrealized gains/losses on investments	(415,168)	(430,902)	(430,902)	(430,902)
Net change in member contributions	(42,223)	(39,761)	(39,761)	(39,761)
Administrative expenses	-	-	-	-
Other changes	(422,117)	(144,655)	-	-
Net change in plan fiduciary net position	4,846,171	4,892,626	4,846,171	4,846,171
Plan fiduciary net position, beginning of year	4,846,171	4,892,626	4,846,171	4,846,171
Plan fiduciary net position, end of year	4,846,171	4,892,626	4,846,171	4,846,171
City's net pension liability, end of year	6,337,539	6,415,944	6,415,944	6,415,944
Plan fiduciary net position as a percentage of the total pension liability	69.84%	75.56%	75.56%	75.56%
Covered-employee payroll	\$ 449,896	\$ 462,485	\$ 462,485	\$ 462,485
City's net pension liability as a percentage of covered payroll	416.54%	338.99%	338.99%	338.99%
*Actuarial information not available				
Notes to Schedules:				
<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	NONE	NONE	NONE	NONE

City of Ishpeming, Michigan

POLICE AND FIRE RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2011	\$ 160,724	\$ 160,724	\$ -	\$ 407,599	39.43%
2012	149,207	149,207	-	475,834	31.36%
2013	158,948	158,948	-	487,529	32.60%
2014	197,820	201,791	(3,971)	462,485	43.63%
2015	192,780	199,322	(6,542)	458,896	43.44%
2016	181,160	188,906	(7,746)	424,035	44.55%
2017	171,768	163,490	8,268	475,382	34.39%
2018	178,606	178,625	(19)	486,037	36.75%
2019	214,696	229,122	(14,426)	515,441	44.45%
2020	243,719	257,010	(13,291)	589,469	43.60%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: December 31, 2018
Notes: None

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 2.75% price inflation
Salary Increases	3.5% to 7.3% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience - based table of rates that are specific to the type of eligible condition. Last updated for the 2003 valuation.
Mortality	Pre-Retirement: RP-2014 Employee Mortality Tables Healthy Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables Disabled Retirement: RP-2014 Disabled Mortality Tables

Tables described above were adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements using scale MP-2015 was used. Additional margin for future mortality improvements are included in the projection scale.

Other Information:

Notes
There were no benefit changes during the year.
Beginning with valuation date December 31, 2015 assumed wage inflation reduced from 4.5% to 3.5%.

City of Ishpeming, Michigan

POLICE AND FIRE RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF INVESTMENT RETURNS
(Ultimately 10 years will be displayed)

Plan Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
December 31, 2014	6.70%
2015	3.70%
2016	5.10%
2017	5.00%
2018	0.80%
2019	3.60%
2020	Not Available

City of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The function of the GENERAL FUND is to record all revenues and expenditures of the City which are not accounted for in other funds. The General Fund receives revenue from many sources which are used to finance a wide range of City activities.

The major activities financed by the General Fund are Legislative, Fire and Police Protection, Public Works, Parks and Recreation, City Administration and most public services.

SPECIAL REVENUE FUNDS

The function of the Special Revenue Funds is to record revenues and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions. The MAJOR STREET FUND, LOCAL STREET FUND, and GARBAGE & RUBBISH FUND are Major Special Revenue Fund types.

City of Ishpeming, Michigan
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original Budget	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	2019
REVENUES:					
Taxes	\$ 1,612,084	\$ 1,617,457	\$ 1,621,636	\$ 4,179	\$ 1,596,500
Federal sources	-	120,242	120,242	-	27,287
State sources	883,450	847,787	858,101	10,314	910,665
Licenses and permits	174,900	149,100	155,489	6,389	170,973
Service charges	91,350	79,629	83,656	4,027	88,597
Interest income and rentals	6,500	4,000	4,886	886	10,746
Contributions	5,000	-	-	-	6,882
Fines and forfeitures	52,930	44,491	45,912	5,421	48,750
Other revenues	12,000	87,164	97,165	10,001	61,838
TOTAL REVENUES	2,838,214	2,949,870	2,991,087	41,217	2,922,238
EXPENDITURES:					
Current Operations:					
Legislative	15,950	15,190	13,714	1,476	30,206
General government	1,364,938	1,271,352	1,237,616	33,736	1,294,343
Public safety	883,514	1,048,215	1,010,394	37,821	840,553
Public works	322,700	370,666	308,421	64,245	377,957
Community and economic development	34,750	46,441	45,642	799	30,387
Recreation and culture	362,647	389,807	369,101	20,706	347,304
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	2,984,499	3,141,871	2,982,888	158,783	2,920,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,285)	(191,801)	8,199	200,000	1,488
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	12,200	98,400	12,200	(86,200)	7,056
Transfers (out)	(9,000)	(71,190)	(7,189)	1	(4,628)
TOTAL OTHER FINANCING SOURCES (USES)	3,200	91,210	5,011	(86,199)	2,428
CHANGE IN FUND BALANCE	(143,085)	(100,591)	13,210	113,801	3,916
Fund balance, beginning of year	897,750	897,750	897,750	-	893,834
FUND BALANCE, END OF YEAR	\$ 754,665	\$ 797,159	\$ 910,960	\$ 113,801	\$ 897,750

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original	Final	Actual		Final Budget
	Budget	Budget	GAAP		Positive
			Basis		(Negative)
REVENUES:					
Federal sources	-	\$	-	\$	-
State sources	716,500	772,392	754,670	(17,722)	952
Interest income and rentals	250	250	1,203	953	98
Other revenue	-	-	-	-	-
TOTAL REVENUES	716,750	772,642	755,873	(16,769)	788,619
EXPENDITURES:					
Public Works:					
Construction	-	-	-	-	-
Routine maintenance	73,100	66,710	65,543	1,167	89,062
Traffic service	17,800	13,400	9,689	3,711	12,599
Winter maintenance	385,000	375,980	247,124	128,856	487,946
Administration	41,500	44,160	40,287	3,873	38,679
State trunkline	60,155	64,325	34,010	30,315	63,878
Total Public Works	577,555	564,575	396,653	167,922	692,164
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	577,555	564,575	396,653	167,922	692,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	139,195	208,067	359,220	151,153	96,455
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	139,195	208,067	359,220	151,153	96,455
Fund balance, beginning of year	398,929	398,929	398,929	-	302,474
FUND BALANCE, END OF YEAR	\$ 538,124	\$ 606,996	\$ 758,149	\$ 151,153	\$ 398,929

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original	Final	Actual		Final Budget
	Budget	Budget	GAAP		Positive
			Basis		(Negative)
REVENUES:					
Federal sources	-	\$	-	\$	-
State sources	335,500	335,038	332,140	(2,898)	339,689
Interest income and rentals	300	300	216	(84)	926
Other revenue	-	-	-	-	-
TOTAL REVENUES	335,800	335,338	332,356	(2,982)	340,615
EXPENDITURES:					
Public Works:					
Construction	-	-	-	-	-
Routine maintenance	50,200	94,775	94,245	530	30,458
Traffic service	15,900	12,050	8,066	3,984	6,336
Winter maintenance	234,500	383,020	347,909	45,111	315,464
Administration	15,000	20,150	17,573	2,577	18,853
Total Public Works	315,600	519,995	467,813	52,182	371,111
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	315,600	519,995	467,813	52,182	371,111
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,200	(184,657)	(135,457)	49,200	(30,496)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	20,200	(184,657)	(135,457)	49,200	(30,496)
Fund balance, beginning of year	267,373	267,373	267,373	-	297,869
FUND BALANCE, END OF YEAR	\$ 287,573	\$ 82,716	\$ 131,916	\$ 49,200	\$ 267,373

City of Ishpeming, Michigan
MAJOR SPECIAL REVENUE FUNDS
GARBAGE & RUBBISH FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with
	Original Budget	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	765,490	736,065	828,067	92,022
Interest income and rentals	400	500	440	(60)
Contributions	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	765,890	736,565	828,527	91,962
				717,912
EXPENDITURES:				
Current Operations:				
Public Works	756,400	796,380	790,360	6,020
TOTAL EXPENDITURES	756,400	796,380	790,360	6,020
				735,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,490	(59,815)	38,167	97,982
				(18,084)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
				-
CHANGE IN FUND BALANCE	9,490	(59,815)	38,167	97,982
				(18,084)
Fund balance, beginning of year	210,960	210,960	210,960	-
				229,044
FUND BALANCE, END OF YEAR	\$ 220,450	\$ 151,145	\$ 249,127	\$ 97,982
				\$ 210,960

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FORM OF APPROVING OPINION OF BOND COUNSEL

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Founded in 1852
by Sidney Davy Miller



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FORM OF APPROVING OPINION

City of Ishpeming
County of Marquette
State of Michigan

We have acted as bond counsel to the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), in connection with the issuance by the Issuer of bonds in the principal sum of \$_____, designated Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of _____, 2021, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.
3. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. The Bonds and interest thereon and income from the Bonds are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan. We express no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

City of Ishpeming

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FORM OF APPROVING OPINION

of interest on, the Bonds. Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax opinions herein were not intended to be used, and cannot be used, for the purpose of avoiding taxpayer penalties. These opinions were written to support the promotion or marketing of the Bonds.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By _____

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”), in connection with the issuance of its Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2021, the following information:

(1) Certain annual financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”)

appearing in the tables or under the headings in the Official Statement as described below:

- a. Property Valuations - History of Valuations;
- b. Major Taxpayers;
- c. Tax Rates (Per \$1,000 of Valuation);
- d. Tax Rate Limitations;
- e. Tax Levies and Collections;
- f. Revenues from the State of Michigan;
- g. Pension Fund;
- h. Debt Statement – Direct Debt; and
- i. Legal Debt Margin.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the Issuer or related public entities.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

CITY OF ISHPEMING
COUNTY OF MARQUETTE
State of Michigan

By _____

Its: City Manager

Dated: _____, 2021

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SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall remain unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit a completed Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or a day on which banking institutions in the State of New York or the Insurer's Fiscal Office are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereon, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, the interest on the Bonds is not excludable from gross income for federal income tax purposes. The Bonds and interest thereon and income from the Bonds are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan. See "TAX MATTERS" and "FORM OF APPROVING OPINION OF BOND COUNSEL" herein.



\$9,125,000
CITY OF ISHPERING
COUNTY OF MARQUETTE, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

Dated: Date of Delivery**Due: May 1, as shown below**

The Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") are being issued by the City of Ishpeming, County of Marquette, State of Michigan (the "City"), pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a bond authorizing resolution adopted by the City on July 7, 2021 (the "Resolution") for the purpose of defraying a portion of the costs of the unfunded pension liability of the City's defined benefit pension plan for certain employees and to pay costs of issuance incurred with respect to the Bonds. The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance moneys as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in such fiscal year.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by U.S. Bank National Association, Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2022, to the Bondholders of record as of the applicable record dates herein described.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE" and APPENDIX F – Specimen Municipal Bond Insurance Policy" herein.



Maturity Schedule
(Base CUSIP\$: 464308)

Maturity (May 1)	Amount	Interest Rate	Price	CUSIP\$	Maturity (May 1)	Amount	Interest Rate	Price	CUSIP\$
2022	\$430,000	0.270%	100%	EF8	2030	\$490,000	2.120%	100%	EP6
2023	440,000	0.370	100	EG6	2031	500,000	2.280	100	EQ4
2024	445,000	0.770	100	EH4	2032	510,000	2.450	100	ER2
2025	445,000	1.220	100	EJ0	2033	525,000	2.550	100	ES0
2026	455,000	1.420	100	EK7	2034	540,000	2.680	100	ET8
2027	460,000	1.670	100	EL5	2035	550,000	2.770	100	EU5
2028	470,000	1.870	100	EM3	2036	570,000	2.870	100	EV3
2029	480,000	2.020	100	EN1					

\$1,815,000 3.160% Term Bonds Due May 1, 2039 - Price 100% CUSIP\$ EW1

THE BONDS MATURING IN THE YEARS 2022 TO 2031, INCLUSIVE, SHALL NOT BE SUBJECT TO REDEMPTION PRIOR TO MATURITY. THE BONDS MATURING OR SUBJECT TO MANDATORY REDEMPTION ON OR AFTER MAY 1, 2032 ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2031, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. SEE "THE BONDS – Optional Redemption" HEREIN. THE TERM BONDS MATURING ON MAY 1, 2039 ARE SUBJECT TO MANDATORY REDEMPTION AS FURTHER SET FORTH HEREIN. SEE "THE BONDS—Mandatory Redemption of Term Bonds" HEREIN.

The Bonds will be offered when, as and if issued by the City and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Dickinson Wright PLLC, Troy, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about October 19, 2021.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

STIFEL

The date of this Official Statement is September 29, 2021

† As of date of delivery. For an explanation of the ratings, see "RATINGS" herein.

§ CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The CUSIP numbers are provided for convenience and reference only. Neither the City nor the Underwriter is responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as set forth in this Official Statement.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the City, The Depository Trust Company and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING" which was obtained from the Underwriter).

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX F - Specimen Municipal Bond Insurance Policy" herein.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the City and the State Treasurer of the State of Michigan, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CITY OF ISHPEMING
100 E. Division
Ishpeming, Michigan 49849
(906) 485-1091

CITY COUNCIL

Lindsay Bean
Mayor

Pat Scanlon
Mayor Pro Tem

Jason Chapman

Elizabeth Firby

Stuart Skauge

ADMINISTRATION

Craig Cugini
City Manager

Cathy Smith
City Clerk

Kaitlyn Feldbauer
City Treasurer

PROFESSIONAL SERVICES

REGISTRAR/PAYING AGENT/
TRANSFER AGENT

U.S. BANK NATIONAL ASSOCIATION
Detroit, Michigan

BOND COUNSEL

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
Detroit, Michigan

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Ann Arbor, Michigan

UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED
Okemos, Michigan

UNDERWRITER'S COUNSEL

DICKINSON WRIGHT PLLC
Troy, Michigan

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OFFICIAL STATEMENT
relating to

\$9,125,000
CITY OF ISHPEMING
COUNTY OF MARQUETTE, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the City of Ishpeming, County of Marquette, State of Michigan (the "City") of its Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") in the amount of \$9,125,000.

PURPOSE AND SECURITY

The Bonds are authorized by the City by a resolution adopted on July 7, 2021, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 34, Public Acts of Michigan, 2001, as amended, for the purpose of defraying a portion of the costs of the unfunded pension liability of the City's defined benefit pension plan (the "Closed Defined Benefit Plan") for general government City employees and to pay the costs of issuance incurred with respect to the Bonds. The City Council closed the Closed Defined Benefit Plan for new hires, effective as of January 1, 2020. As part of the closing of the Closed Defined Benefit Plan, the City established a defined contribution plan for certain employees who meet the eligibility requirements. The amount of the unfunded pension liability of the Closed Defined Benefit Plan is based on the valuation of the Closed Defined Benefit Plan's accrued liabilities as of December 31, 2020, and the actuarial value of the Closed Defined Benefit Plan's assets as of December 31, 2020, and assumes an investment return of 7.35%, as determined by the City's actuary for the Closed Defined Benefit Plan. As of December 31, 2020, the unfunded pension liability of the Closed Defined Benefit Plan was \$9,900,769. After the Bonds are issued, the actuarial assumption of the Closed Defined Benefit Plan will include a 7.35% investment rate of return, given the City's ability to diversify the investment portfolio of the Closed Defined Benefit Plan. If the investment return differs from the projected 7.35%, the Closed Defined Benefit Plan will either be overfunded or underfunded. If the Closed Defined Benefit Plan is underfunded, the City will be required to make payments to fully fund the Closed Defined Benefit Plan.

The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance moneys as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 29, 2020, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At June 30, 2021:

- The policyholders’ surplus of AGM was approximately \$2,943 million.
- The contingency reserve of AGM was approximately \$947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiaries Assured Guaranty UK Limited (“AGUK”) and Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of Municipal Assurance Corp. ("MAC") into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

Par Amount of Bonds	<u>\$9,125,000.00</u>
Total Sources	\$9,125,000.00

USES

Deposit to MERS for Unfunded Pension Liability	\$8,955,208.05
Underwriter's Discount	30,568.75
Estimated Costs of Issuance**	<u>139,223.20</u>
Total Uses	\$9,125,000.00

**Includes bond insurance.

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1, to maturity or early redemption, commencing May 1, 2022. Interest on the Bonds will be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of U.S. Bank National Association, Detroit, Michigan, or its successor will serve as the transfer agent (the "Transfer Agent") and also as bond registrar and paying agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date (the "Record Date"), the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the City or the Transfer Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City or the Transfer Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Rating's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Transfer Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Transfer Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Optional Redemption

The Bonds maturing in the years 2022 to 2031, inclusive, shall not be subject to optional redemption prior to maturity. The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2032, are subject to redemption prior to maturity at the option of the City in such order as the City may determine and by lot within any maturity, on any date occurring on or after May 1, 2031, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing on May 1, 2039 are term bonds (the "Term Bonds") subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount of such Bonds, without premium, together with interest on such Bonds to the redemption date. When the Term Bonds are purchased by the City and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the Term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the City.

Term Bonds Maturing May 1, 2039

<u>Redemption Dates</u>	<u>Principal Amounts</u>
May 1, 2037	\$585,000
May 1, 2038	605,000
May 1, 2039 (Maturity)	625,000

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the City. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Transfer Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion

LITIGATION

The City has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the City, no litigation or administrative action or proceeding has been threatened against it, seeking to restrain or enjoin the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriter at the time of the original delivery of the Bonds.

POTENTIAL IMPACT OF THE COVID – 19 PANDEMIC

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. On March 10, 2020, Michigan Governor Gretchen Whitmer declared a state of emergency across the State, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. The spread of COVID-19 in the United States has slowed dramatically due to the introduction of several vaccines and other factors. Nonetheless, the pandemic has impacted federal, state and local governments, and has altered the behavior of businesses and people in a manner that may have a long-term negative effect on economic activity, and therefore could adversely affect the future financial condition of the City, directly or indirectly.

State of Emergency- Legislative Authority and Executive Orders

In response to the effect of COVID-19 in Michigan, the Governor has exercised broad authority under the Emergency Powers of the Governor Act, Act 302, Public Acts of Michigan, 1945, as amended (“Act 302”) and the Emergency Management Act, Act 390, Public Acts of Michigan, 1976, as amended (“Act 390”). Beginning on March 10, 2020, the Governor issued a series of executive orders declaring a state of emergency and a state of disaster in the

State in response to COVID-19, indicating that the state of emergency and state of disaster will terminate on the earlier of a specified date or when emergency and disaster conditions no longer exist.¹

Act 390 requires approval of the legislature to extend an executive order issued pursuant to that statute to continue beyond 28 days. Act 302 is silent on legislative approval. On April 7, 2020, the Michigan Legislature approved the Governor's extension of the state of emergency and state of disaster through April 30, 2020. On April 30, 2020 the Legislature did not extend the state of emergency and state of disaster under Act 390.

Subsequent to April 30, 2020, the Governor continued to issue executive orders under Act 302 and Act 390 (see "*Stay-Home Practices and Restricted Activity- Executive Orders*" herein). On May 5, 2020, the Legislature filed suit against the Governor challenging the validity and constitutionality of her executive orders related to COVID-19. On October 12, 2020, the Michigan Supreme Court issued an order finding that (i) the Governor did not have authority after April 30, 2020, to issue or renew any executive orders related to the COVID-19 pandemic under Act 390 and (ii) the Governor did not possess the authority to exercise emergency powers under Act 302 because the statute unlawfully delegates legislative power to the executive branch in violation of the Michigan Constitution. The court's order was given immediate effect.

The court's October 12, 2020 order incorporated by reference the analysis and conclusions from its October 2, 2020 opinion in response to a request to answer certified questions in *Midwest Institute Of Health, PLLC v. Governor*, a case pending in the Federal District Court for the Western District of Michigan, which likewise found the Governor's actions invalid.

Stay-Home Practices and Restricted Activity- Executive Orders

Beginning on March 23, 2020, the Governor issued a series of executive orders directing Michigan businesses and other venues to temporarily suspend or reduce in-person operations that are not necessary to sustain or protect life and further directed individuals to stay in their homes unless they are part of the critical infrastructure workforce. In light of the 2020 Michigan Supreme Court decisions discussed under "*State of Emergency- Legislative Authority and Executive Orders*" herein, those orders became legally ineffective; however, beginning on October 9, 2020, the Michigan Department of Health and Human Services ("DHHS") issued a series of statewide orders limiting attendance at various types of gatherings and capacity at various types of venues, including a variety of businesses. Effective June 22, 2021, DHHS rescinded such orders, effectively lifting all such limitations.

Impact on the City and the Bonds

The City has pledged its full faith and credit for the payment of principal of and interest on the Bonds, including collections of ad valorem taxes levied on all taxable property in the City, subject to applicable constitutional, statutory and charter tax rate limitations. The City does not currently anticipate that the 2021 levy of property taxes will be materially affected; however the City cannot predict the effect the spread of COVID-19 will have on collection of those taxes or on future property tax levies and collections.

Although the State's finances have been adversely affected by the continued spread of COVID-19, recent revenue projections have improved. At the State's Consensus Revenue Estimating Conference held in May 2021 (the "May Conference"), consensus revenue estimates for State fiscal year 2020-21 were revised upward from the previous January estimates. The revised State fiscal year 2020-21 estimates projected a 6.2% increase in net combined General Fund-General Purpose and School Aid Fund ("GF-SAF") revenue compared to State fiscal year 2019-20. Relative to State fiscal year 2019-20, net combined GF-SAF revenues were projected to increase 1.9% in State fiscal year 2021-22 and increase 3.3% in State fiscal year 2022-23.

Local units of government, including the City, receive revenue sharing payments from the State under the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are comprised of two components – a constitutional distribution and a statutory distribution. Constitutional revenue sharing payments to local units of government for State fiscal year 2019-20 were nominally lower than in State fiscal year 2018-19. At the May Conference, Constitutional revenue sharing payments for State fiscal year 2020-21 were projected to increase by 10.6% compared to State fiscal year 2019-20. This increase will affect payments to local units of government, including the City. Statutory revenue sharing, which is set by legislative appropriation, has been negatively affected

¹ All COVID-19-related executive orders and executive directives issued by the Governor, Michigan Department of Health and Human Services epidemic orders, as well as other releases and information regarding COVID-19 in the State, can be accessed at www.michigan.gov/coronavirus.

by the COVID-19 pandemic. August 2020 statutory revenue sharing payments were eliminated and replaced with payments from a portion of funds allocated to the State under the federal Coronavirus Aid, Relief and Economic Security Act, Public Law 116-36 (the "CARES Act"), which were equal to or greater than the eliminated August 2020 revenue sharing payments, but were required to be spent in accordance with CARES Act restrictions. The State's enacted fiscal year 2020-21 budget maintains statutory revenue sharing payments at State fiscal year 2019-20 levels prior to the one-time August 2020 elimination referenced above. See "REVENUES FROM THE STATE OF MICHIGAN" in Appendix A hereto. Future State revenue shortfalls or increased spending pressures in other areas, or a combination of the two, whether due to the COVID-19 pandemic or otherwise, may adversely affect future revenue sharing payments to the City.

The City cannot currently predict the ultimate effect the spread of COVID-19 will have on its future finances or operations.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, interest on the Bonds is not excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon and income from the Bonds are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Bonds that are "U.S. holders" (as defined below), deals only with those Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold the Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Bonds will be treated, for federal income tax purposes as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Bondholders that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a Bondholder purchases the Bonds for an amount that is less than the adjusted issue price of the Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

The Bonds may be issued with original issue discount ("OID"). Accordingly, Bondholders will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such notes with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss. Bondholders that purchase a Bond for less than its adjusted issue price (generally its accreted value) will have purchased such Bond with market discount unless such difference is considered to be de minimis. Absent an election to accrue market discount currently, upon sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year will be deferred. A Bondholder that has a basis in the Bond that is greater than its adjusted issue price (generally its accreted value), but that is less than or equal to its principal amount, will be considered to have purchased the Bond with "acquisition premium." The amount of OID that such Bondholder must include in gross income with respect to such Bonds will be reduced in proportion that such excess bears to the OID remaining to be accrued as of the acquisition of the Bond. A Bondholder may have a basis in its pro rata share of the Bonds that is greater than the principal amount of such Bonds. Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Bonds under Section 171 of the Code.

Upon a sale, exchange or retirement of a Bond, a holder generally will recognize taxable gain or loss on such Bond equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondholder's adjusted tax basis in such Bond. Defeasance of the Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Bond will (in general) equal its original purchase price and decreased by any principal payments received on the Bond. In general, if the Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

In addition to regular income tax, certain non-corporate U.S. holders will owe a 3.8 percent tax on the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" of the Bondholder over \$200,000 for unmarried individuals (\$250,000 for married couples filing jointly and a surviving spouse). Bondholders should consult with their own tax advisors regarding the application of such net investment income tax.

In general, information reporting requirements will apply to non-corporate holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of Bonds under Section 3406 of the Code. Any amounts withheld under backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the requested information is furnished to the Internal Revenue Service.

Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Bonds.

There are certain additional federal income tax consequences of the purchase, ownership and disposition of the Bonds. Such federal income tax consequences include, but are not limited to, matters related to acquisition premium, amortizable bond premium, gain or loss on disposition, market discount, information reporting and backup withholding.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX D. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

Certain legal matters will be passed upon for the Underwriter by its counsel, Dickinson Wright PLLC, Troy, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

By letter dated September 13, 2021, the Department of Treasury of the State of Michigan has approved the issuance of the Bonds by the City in accordance with Section 518(9) of Act 34.

RATINGS

S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA" to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy will be issued by AGM. In addition, S&P will also assign its underlying municipal bond rating of "A" to the Bonds, without regard to municipal bond insurance. No application has been made to any other ratings service for a rating on the Bonds. The City furnished to S&P certain materials and information in addition to that provided here. Generally, the rating agency bases its rating on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Any rating assigned represent only the view of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, NY 10014, (212) 438-1000.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the City. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the City the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee equals 0.335 percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the status of the Bonds or interest thereon as exempt from taxation in the State (except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof) and (ii) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the City will provide to the Underwriter within seven business days of the date of the Bond Purchase Agreement sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing portions of the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. PFM Financial Advisors LLC is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the Bonds should be addressed to PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, are set forth in APPENDIX E, "FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the City to comply with its Undertaking will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking. A failure by the City to comply with its Undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City has not failed to comply with the requirements as described in section (b)(5) of the Rule of any undertaking made by the City in the last five years.

OTHER MATTERS

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

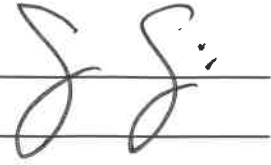
The City has neither sought nor received the consent of its independent auditors to the use of the City's financial statements herein.

The City certifies that to the best of its knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN

By: /s/ Craig Cugini

Its: City Manager

A handwritten signature in dark ink, appearing to read 'C. Cugini', is written over two horizontal lines. The signature is stylized with a large initial 'C' and a dot at the end.

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**CITY OF ISHPERING
GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION**

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APPENDIX A*
CITY OF ISHPEMING
GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION

LOCATION AND DESCRIPTION

The City of Ishpeming (the “City”) covers an area of approximately nine square miles. The City is located in the central portion of Michigan’s Upper Peninsula in the County of Marquette.

POPULATION

The U.S. Census reported population numbers for the City and the County of Marquette are as follows:

	City of Ishpeming	% Change	County of Marquette	% Change
2020 U.S. Census	6,140	-5.10%	66,017	-1.58%
2010 U.S. Census	6,470	-3.23	67,077	3.78
2000 U.S. Census	6,686	-7.14	64,634	-8.82
1990 U.S. Census	7,200	--	70,887	--

Source: U.S. Census Bureau.

FISCAL YEAR

The City’s fiscal year begins on January 1st and ends on December 31st.

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as “Taxable Value”. Since 1995, taxable property has had two valuations—State Equalized Value (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

*Information included in Appendix A of this Official Statement was obtained from the City unless otherwise noted.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

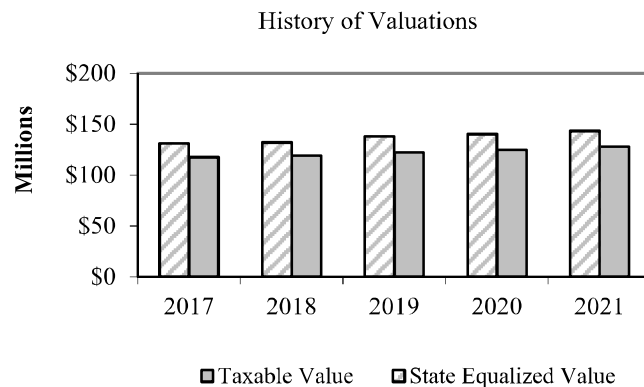
Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

History of Valuations

A history of the property valuations in the City is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2020	2021	\$128,030,292	2.61%	\$143,325,220	2.23%
2019	2020	124,772,002	2.24	140,201,885	1.59
2018	2019	122,040,890	2.51	138,009,501	4.56
2017	2018	119,051,848	1.36	131,992,005	0.61
2016	2017	117,454,450	---	131,188,112	---

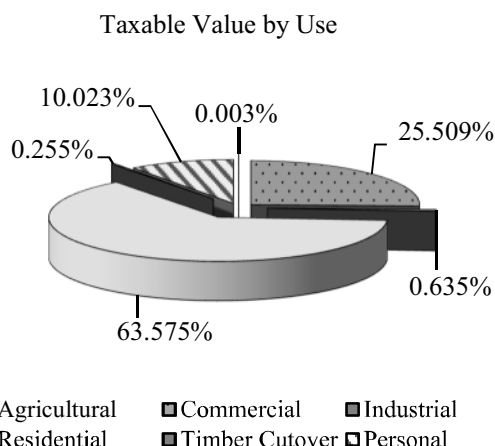
Source: City of Ishpeming



Valuation Composition

A breakdown of the City's 2021 Taxable Value by class and use is as follows:

By Class:	2021 Taxable Value	Percent of Total
Real Property	\$115,197,872	89.98%
Personal Property	12,832,420	10.02
TOTAL	\$128,030,292	100.00%
By Use:		
Agricultural	\$4,220	0.003%
Commercial	32,659,817	25.509
Industrial	812,889	0.635
Residential	81,395,023	63.575
Timber Cutover	325,923	0.255
Personal	12,832,420	10.023
TOTAL	\$128,030,292	100.000%



Source: City of Ishpeming

TAX INCREMENT AUTHORITIES

Act 57 of the Public Acts of Michigan, 2018, as amended (the "Recodified Tax Increment Financing Act") and Act 381 of the Public Acts of Michigan, 1996, as amended (the "Brownfield Act") (together the "TIF Acts") authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts, Corridor Improvement Authority ("CIA") Districts or Brownfield Redevelopment Authority ("BRDA") Districts, which are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

The City has a DDA with a 2021 captured taxable value of \$9,029,229 which captures the City's millage.

Source: City of Ishpeming.

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions became effective. Pursuant to voter approval in August 2014, the 2014 legislation, as subsequently amended, also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduced the state use tax and created a Local Community Stabilization Authority which levies a local use tax component and distributes that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the City's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

MAJOR TAXPAYERS

The City's top ten taxpayers and their 2021 Taxable Value are as follows:

Taxpayer	Product/Service	Taxable Value
Bell Memorial Hospital	Hospital	\$9,863,300
UPPCO	Utility	6,220,780
American Transmission	Utility	1,925,104
ABC Storage MI LLC *	Storage Facility	1,364,150
SEMCO Energy	Utility	1,116,036
Acquisition Bell Hospital	Hospital	1,005,634
Midtown Apts. Property LLC	Apartment Complex	869,281
Ishpeming Community FCU	Credit Union	855,745
Ishpeming Lodge Inc.	Vacation Lodge Rentals	848,418
Niemi Group Inc.	Electrical Contractors	847,112
TOTALS		\$24,915,560
Total 2021 Taxable Value		\$128,030,292
Top 10 Taxpayers as a % of 2021 Total Taxable Value		19.46%

*Appealing its 2020 taxes with the Michigan Tax Tribunal.

Source: City of Ishpeming

CONSTITUTIONAL ROLLBACK AND ASSESSMENT CAPS

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total City tax rates for the past five years.

Purpose	2021	2020	2019	2018	2017
Operating	13.1795	13.1795	13.3545	13.3545	13.4433
Retirement - Act 345	2.8197	2.4762	2.2670	1.9835	1.5300
Public Improvements	4.3930	4.3930	4.4514	4.4514	4.4810
Debt (Fire Equipment)	0.8822	0.8822	0.8940	0.8940	0.9000
City Total	<u>21.2744</u>	<u>20.9309</u>	<u>20.9669</u>	<u>20.6834</u>	<u>20.3543</u>

Source: City of Ishpeming and Marquette County Equalization Department

TAX RATE LIMITATIONS

The City Charter provides tax rate limitations as follows:

Purpose	Millage Authorized	2021		Expiration Date of Levy
		Maximum Allowable Millage after Rollback	2021 Millage Levied	
Operating	15.0000	13.1795	13.1795	N/A
Retirement - Act 345	N/A	N/A	2.8197	N/A
Public Improvements	5.0000	4.3930	4.3930	N/A
Voted Debt - Fire Equipment	N/A	N/A	0.8822	2028

The City may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

Purpose	Authority	Rate per \$1,000 of Taxable Value
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

On November 7, 1978, Article IX, Section 6, of the 1963 Michigan Constitution was amended placing certain limitations on increases of taxes. The amendment did not, and will not, limit the levy of taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the amendment became effective, nor will the amendment limit taxes imposed for the payment of bonds or other indebtedness issued, or incurred, after their effective date if said bonds, or other indebtedness, have been approved by the voters.

Additionally, Article IX, Section 6, of the 1963 Michigan Constitution, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds or bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with the State law.

Source: City of Ishpeming

OTHER JURISDICTIONS' TAX RATES - (Per \$1,000 of Valuation)

The following table provides the 2020 and 2019 tax rates for the municipal units of government that are located within the City's boundaries.

Taxing Jurisdiction	2020	2019
County of Marquette	7.5906	7.6207
Iron Ore Heritage Trail	0.1984	0.1999
Ishpeming Public Schools		
Non- Principal Residence	26.4416	26.4728
Principal Residence	8.4416	8.4728
State Education Tax	6.0000	6.0000
Marquette-Alger ISD	2.2040	2.2048

Source: Marquette County Equalization Department

TAX LEVIES AND COLLECTIONS

The City's property taxes are due December 1 of each year and are payable without penalty or interest on or before the following February 14. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection. Marquette County annually pays from its Tax Revolving Fund delinquent taxes on real property to all taxing units in the County including the City's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. A history of tax levies and collections for the City is as follows:

<u>Levy Year</u>	<u>Operating Tax Levy</u>	<u>Collections to March 1, Following Year</u>	
2020	\$1,548,817	\$1,398,741	90.31%
2019	1,515,020	1,364,841	90.09
2018	1,493,544	1,346,951	90.18
2017	1,519,953	1,391,574	91.55
2016	1,476,712	1,340,446	90.77

Source: City of Ishpeming

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On September 29, 2021, Governor Whitmer signed into law the budget for fiscal year 2021. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$912.0 million. The budget continues the incentive-based revenue sharing program known as the City, Village, and Township Revenue Sharing (or "CVTRS") program begun in fiscal year 2015 that distributes revenue sharing to cities, villages and townships that meet requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. The CVTRS program is funded at \$266.2 million for fiscal year 2022, and each city, village and township that received a CVTRS distribution in fiscal year 2020 is eligible to receive a payment equal to 102% of its 2020 distribution. Each city, village or township that is determined to have a retirement pension benefit system in underfunded status under section 5 of Act 202, Public Acts of Michigan, 2017, must allocate the 2022 incremental increase to its unfunded pension liability. The fiscal year 2022 budget continues funding for the revenue sharing grant program for financially distressed communities at the 2021 level of \$2.5 million.

Any portion of the CVTRS payment that the City would be eligible to receive would be subject to certain benchmarks that the City would need to meet, and there can be no assurance what amount, if any, the City would receive under the CVTRS program. The City received CVTRS payments of \$277,300 in fiscal year 2020 and anticipates meeting the requirements to receive \$332,760 in CVTRS payments for fiscal year 2021.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the City for the State's fiscal years ended September 30, 2016 through September 30, 2020 and the estimated revenue sharing payments for the State's fiscal year ending September 30, 2021.

State of Michigan Fiscal Year Ended September 30th	Constitutional Payments	CVT Payments	Supplemental Payments	Total Revenue Sharing Payments ¹
2021	\$617,758 ²	\$332,760 ²	\$0	\$950,518 ²
2020	558,479	277,300	0	835,779
2019	559,022	320,052	5,227	884,301
2018	534,639	320,052	5,254	859,945
2017	520,882	320,052	0	840,934
2016	492,496	320,052	0	812,548

¹Amounts do not include state gas and weight tax distributions

²Estimated.

Source: Department of Treasury via website at www.michigan.gov/treasury

LABOR FORCE

A breakdown of the number of employees of the City and their affiliation with organized groups follows:

No. of Employees	Bargaining Unit	Exp. Date of Contract
17	Department of Public Works (AFSCME - AFL-CIO)	12/31/21
11	Police Officers (Wisconsin Professional Police Assoc.)	12/31/21
4	Clerical (AFSCME - AFL-CIO)	12/31/21
1	Supervisors (Local 1282 Michigan Council #25 AFSCME - AFL-CIO)	12/31/21
5	Non-Affiliated	N/A
<u>38</u>		

The City has not experienced a strike by any of its bargaining units within the past ten years.

Source: City of Ishpeming

PENSION FUND

The City has two pension plans which cover substantially all employees. The Police and Fire pension program and the Municipal Employees Retirement System (“MERS”) are both contributory plans. The MERS defined benefit pension plan was closed to all AFSCME union employees hired after January 1, 2020. New hires after January 1, 2020 will be placed in a MERS defined contribution plan. The City’s contribution to the MERS plan is based upon a percentage of gross earnings for all members of the Municipal Employees Retirement System. Police and Fire participants in the Police and Firemen Retirement System contribute 5% of their gross earnings to the retirement fund. The City’s contribution to the Police and Firemen Retirement System is based upon a percentage of gross earnings from members of the system. See Appendix C: Audited Financial Statements - Note N (Defined Benefit Pension Plan) and Note O (Policemen and Firemen – Defined Benefit Pension Plan) for a further description of the pension plans. The City’s contributions for the five most recent fiscal years are shown below:

Year	MERS ¹ Contributions	Police and Fire Contributions
2020	\$808,559	\$257,010
2019	825,950	229,122
2018	601,641	178,625
2017	565,838	163,520
2016	537,665	188,906

¹MERS defined benefit plans are closed to AFSCME new hires as of January 1, 2020. MERS now invoices the City of Ishpeming a flat monthly payment rather than a percentage of payroll.

MERS -- Defined Benefit Pension Plan

At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	42
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	28
Total employees covered by the plan	<u>74</u>

Schedule of Employer Contributions

Fiscal Year Ending Dec. 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2020	\$808,559	\$808,559	\$0	\$1,492,241	54.18%
2019	774,794	825,950	(51,156)	1,331,729	62.02
2018	601,641	601,641	0	1,312,420	45.84
2017	565,838	565,838	0	1,296,057	43.66
2016	537,665	537,665	0	1,229,890	43.72

Schedule of Changes in Net Pension Liability and Related Ratios

	For the Fiscal Year Ended December 31				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$235,763	\$209,452	\$202,632	\$200,575	\$183,436
Interest	1,280,589	1,303,816	1,267,953	1,209,026	1,177,043
Change in Benefit Terms	---	(138)	(24)	(131)	---
Differences between Expected and Actual Experience	219,561	278,635	42,208	426,449	(240,242)
Changes in Assumptions	571,248	---	---	---	805,071
Benefit Payments, Including Refunds	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Other	(62,771)	(110,789)	83,985	(11,304)	(96,136)
Net Change in Total Pension Liability	\$1,100,468	\$540,912	\$433,065	\$810,210	\$859,379
Total Pension Liability - Beginning	\$17,303,930	\$16,763,018	\$16,329,953	\$15,519,743	\$14,660,364
Total Pension Liability - Ending	\$18,404,398	\$17,303,930	\$16,763,018	\$16,329,953	\$15,519,743
 Plan Fiduciary Net Position					
Contributions - Employer	\$808,559	\$825,950	\$601,641	\$565,838	\$537,665
Contributions - Member	87,601	99,950	81,803	81,314	141,948
Net Investment Income (Loss)	1,064,923	1,028,801	(316,588)	1,019,969	822,998
Benefit Payments, Including Refunds	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Administrative Expense	(16,882)	(17,706)	(16,112)	(16,175)	(16,241)
Other	---	---	2	---	---
Net Change in Plan Fiduciary Net Position	\$800,279	\$796,931	(\$812,943)	\$636,541	\$516,577
Plan Fiduciary Net Position - Beginning	\$8,466,328	\$7,669,397	\$8,482,340	\$7,845,799	\$7,329,222
Plan Fiduciary Net Position - Ending	\$9,266,607	\$8,466,328	\$7,669,397	\$8,482,340	\$7,845,799
 City's Net Pension Liability	\$9,137,791	\$8,837,602	\$9,093,621	\$7,847,613	\$7,673,944
 Plan Fiduciary Net Position as a % of the					
Total Pension Liability	50.35%	48.93%	45.75%	51.94%	50.55%
Covered Employee Payroll	\$1,492,241	\$1,331,729	\$1,312,420	\$1,296,057	\$1,229,890
City's Net Pension Liability as a % of Covered Employee Payroll	612.35%	663.62%	692.89%	605.50%	623.95%

A portion of the proceeds of the Bonds in the amount of \$8,955,208.05 will be issued to fund a portion of the City's Unfunded Actuarial Accrued Liability ("UAAL") for the City's Municipal Employees' Retirement System ("MERS") closed defined benefit pension plan. The Comprehensive Financial Plan related to the funding of the pension liability can be found at: <https://ishpemingcity.org>.

Police and Fire Retirement System -- Defined Benefit Pension Plan

At the December 31, 2019 valuation date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	9
Total employees covered by the plan	<u>33</u>

Schedule of Employer Contributions

Fiscal Year Ending Dec. 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2020	\$243,719	\$257,010	(\$13,291)	\$589,469	43.60%
2019	214,696	229,122	(14,426)	515,441	44.45
2018	178,606	178,625	(19)	486,037	36.75
2017	171,758	163,490	8,268	475,382	34.39
2016	181,160	188,906	(7,746)	424,035	44.55

Schedule of Changes in Net Pension Liability and Related Ratios

	For the Fiscal Year Ended December 31				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	N/A	\$107,651	\$108,783	\$106,350	\$91,455
Interest	N/A	454,476	450,415	440,259	431,723
Differences between Expected and Actual Experience	N/A	(122,404)	(7,962)	68,626	(142,763)
Changes in Assumptions	N/A	---	---	---	178,587
Benefit Payments, Including Refunds	N/A	(500,023)	(485,291)	(457,439)	(431,579)
Other Changes	N/A	---	---	---	(1)
Net Change in Total Pension Liability	---	(\$60,300)	\$65,945	\$157,796	\$127,422
Total Pension Liability - Beginning	\$6,628,402	\$6,688,702	\$6,622,757	\$6,464,961	\$6,337,539
Total Pension Liability - Ending	<u>\$6,628,402</u>	<u>\$6,628,402</u>	<u>\$6,688,702</u>	<u>\$6,622,757</u>	<u>\$6,464,961</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$257,009	\$229,122	\$178,625	\$163,490	\$188,906
Contributions - Member	28,275	24,114	24,981	24,927	26,124
Net Investment Income (Loss)	630,413	753,628	(405,208)	561,745	211,257
Benefit Payments, Including Refunds	(462,717)	(500,023)	(485,291)	(457,439)	(431,579)
Administrative Expense	(43,884)	(18,501)	(19,633)	(11,797)	---
Other Changes	---	---	---	---	(1)
Net Change in Plan Fiduciary Net Position	\$409,096	\$488,340	(\$706,526)	\$280,926	(\$5,293)
Plan Fiduciary Net Position - Beginning	\$4,483,501	\$3,995,161	\$4,701,687	\$4,420,761	\$4,426,054
Plan Fiduciary Net Position - Ending	<u>\$4,892,597</u>	<u>\$4,483,501</u>	<u>\$3,995,161</u>	<u>\$4,701,687</u>	<u>\$4,420,761</u>
City's Net Pension Liability	\$1,735,805	\$2,144,901	\$2,693,541	\$1,921,070	\$2,044,200
Plan Fiduciary Net Position as a % of the Total Pension Liability	73.81%	67.64%	59.73%	70.99%	68.38%
Covered Employee Payroll	N/A	\$515,441	\$486,037	\$475,382	\$424,035
City's Net Pension Liability as a % of covered employee payroll	N/A	416.13%	554.18%	404.11%	482.08%

Source: City of Ishpeming and Audited Financial Statements

OTHER POST-EMPLOYMENT BENEFITS

The City contributes to a Post Employment Health Plan (PEHP) administered by Nationwide Retirement Solutions. The contributions are made for current, active employees in accordance with City ordinances and collective bargaining agreements. The criteria to determine eligibility is defined in the Employer Participation Agreement for the Post-Employment Health Plan for Public Employees. Contributions to the plan are shared 50% by the City and 50% by the employee. In 2020, the City contributed \$28,486 to the plan.

Source: City of Ishpeming and Audited Financial Statements

DEBT STATEMENT - (As of 09/29/21 – including the Bonds described herein)

DIRECT DEBT:

<u>Dated Date</u>	<u>Purpose</u>	<u>Bond Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
<i>General Obligation Bonds:</i>				
10/15/15	Bldg. Auth., Series 2015A	LT	08/01/45	\$1,223,000
01/14/16	Bldg. Auth., Series 2016	LT	08/01/45	217,000
10/26/17	Public Safety Fire Equipment	UT	05/01/29	595,000
06/22/21	Refunding	LT	03/01/30	2,030,000
10/19/21	Pension Obligation	LT	05/01/39	9,125,000
<i>Total General Obligation Bonds</i>				\$13,190,000
<i>Revenue Bonds:</i>				
07/20/17	Utilities Water	REV	06/01/57	8,382,000
TOTAL DIRECT DEBT				<u>\$21,572,000</u>
Less: Revenue Bonds				(\$8,382,000)
NET DIRECT DEBT				<u>\$13,190,000</u>

OVERLAPPING DEBT:

<u>Percent Share</u>	<u>Municipality</u>	<u>Net Debt</u>	<u>City's Share</u>
94.94%	Ishpeming Public Schools	\$8,065,000	\$7,656,911
4.84	County of Marquette	0	0
4.17	Marquette-Alger ISD	0	0
TOTAL OVERLAPPING DEBT			<u>7,656,911</u>
NET DIRECT AND OVERLAPPING DEBT			<u><u>\$20,846,911</u></u>

Source: Municipal Advisory Council of Michigan

DEBT RATIOS - (As of 09/29/21 – including the Bonds described herein)

2020 Population	6,140
2021 Taxable Value	\$128,030,292
2021 State Equalized Value (SEV)	\$143,325,220
2021 True Cash Value (TCV)	\$286,650,440
Per Capita 2021 Taxable Value	\$20,851.84
Per Capita 2021 State Equalized Value	\$23,342.87
Per Capita 2021 True Cash Value	\$46,685.74
Per Capita Net Direct Debt	\$2,148.21
Per Capita Net Direct and Overlapping Debt	\$3,395.26
Percent of Net Direct Debt of 2021 Taxable Value	10.30%
Percent of Net Direct and Overlapping Debt of 2021 Taxable Value	16.28%
Percent of Net Direct Debt of 2021 SEV	9.20%
Percent of Net Direct and Overlapping Debt of 2021 SEV	14.55%
Percent of Net Direct Debt of 2021 TCV	4.60%
Percent of Net Direct and Overlapping Debt of 2021 TCV	7.27%

LEGAL DEBT MARGIN - (As of 09/29/21 – including the Bonds described herein)

2021 State Equalized Value (SEV)	\$143,325,220
Plus: Equivalent SEV of State Revenue Sharing**	<u>39,930,390</u>
Total Equivalent Valuation	<u>\$183,255,610</u>
Legal Debt Limit - 10% of SEV	\$18,325,561
Total Bonded Debt Outstanding	\$21,572,000
Less: Revenue Bonds	<u>(8,382,000)</u>
Net Amount Subject to Legal Debt Limit	<u>\$13,190,000</u>
LEGAL DEBT MARGIN AVAILABLE	<u><u>\$5,135,561</u></u>

**As authorized in section 4a(9) of the Home Rule City Act (Act 279 of 1909), MCL sec. 4a(9). Represents state shared revenue of \$835,779 divided by the total City millage rate of 20.9309 x \$1,000.

OTHER BORROWING

The City has the following short-term borrowing outstanding:

Dated		Maturity	09/01/21
Date	Description	Date	Balance
06/26/19	Snowplow	06/26/24	\$88,708
08/03/20	Dodge Durango Police Car	08/03/22	11,946
01/22/21	Dump Truck	01/22/25	<u>43,943</u>
	TOTAL		<u><u>\$144,597</u></u>

DEBT HISTORY

The City has no record of default on its obligations.

FUTURE FINANCING

The City does not have plans for additional capital financings in the next 12 months.

SCHEDULE OF BOND MATURITIES - (As of 09/29/21 – including the Bonds described herein)

Year	Building Authority Bonds	General Obligation Bonds	Revenue Bonds	TOTAL	Percent Repaid
2022	\$39,000	\$710,000	\$157,000	\$906,000	
2023	40,000	725,000	161,000	926,000	
2024	42,000	730,000	164,000	936,000	
2025	44,000	735,000	168,000	947,000	
2026	45,000	760,000	171,000	976,000	22%
2027	46,000	770,000	175,000	991,000	
2028	48,000	795,000	179,000	1,022,000	
2029	50,000	795,000	182,000	1,027,000	
2030	52,000	720,000	186,000	958,000	
2031	53,000	500,000	190,000	743,000	44%
2032	55,000	510,000	194,000	759,000	
2033	58,000	525,000	198,000	781,000	
2034	60,000	540,000	203,000	803,000	
2035	61,000	550,000	207,000	818,000	
2036	64,000	570,000	211,000	845,000	62%
2037	66,000	585,000	216,000	867,000	
2038	68,000	605,000	220,000	893,000	
2039	71,000	625,000	225,000	921,000	
2040	74,000	0	230,000	304,000	
2041	76,000	0	235,000	311,000	78%
2042	79,000	0	240,000	319,000	
2043	82,000	0	245,000	327,000	
2044	84,000	0	250,000	334,000	
2045	83,000	0	255,000	338,000	
2046	0	0	261,000	261,000	85%
2047	0	0	266,000	266,000	
2048	0	0	272,000	272,000	
2049	0	0	278,000	278,000	
2050	0	0	284,000	284,000	
2051	0	0	290,000	290,000	91%
2052	0	0	296,000	296,000	
2053	0	0	302,000	302,000	
2054	0	0	309,000	309,000	
2055	0	0	315,000	315,000	
2056	0	0	322,000	322,000	98%
2057	0	0	325,000	325,000	100%
	<u>\$1,440,000</u>	<u>\$11,750,000</u>	<u>\$8,382,000</u>	<u>\$21,572,000</u>	

LARGEST EMPLOYERS

Listed below are the largest employers that are located within the City and the County of Marquette:

Employer	Product or Service	Approx. No. of Employees
<i>Within the City (50+ employees)</i>		
Cleveland-Cliffs Ore Corp.	Mining, Iron Ore Pellets	1,000
UP Health System Bell	Health Care	300
Marquette County Medical Care Facility	Skilled Nursing Care Facility	260
Ishpeming Public Schools	Education	108
Mission Point Nursing & Phys. Rehab Ctr.	Nursing Rehab	80
Robbins, Inc.	Hardwood Flooring	75
McDonald's of Ishpeming	Restaurant	50
<i>Marquette County (173+ employees)</i>		
UP Health System	Healthcare	1,599
Northern Michigan University	Higher Education	914
Peninsula Medical Center	Health Care	650
Marquette Area Public Schools	Education	448
Walmart Stores, Inc.	Retail	392
Michigan Department of Corrections	Prison	350
Meijer	Supermarket	310
County of Marquette	Government	251
RTI Surgical, Inc.	Medical Devices	250
Negaunee Public Schools	Education	173

Source: 2020 Michigan Manufacturers Directory, Lake Superior Community Partnership website, Manta via www.manta.com and individual employers.

As a result of the restrictions put in place by the Governor's various Orders, some entities listed above may be operating under remote working environments and/or have temporarily or permanently laid off employees. See "POTENTIAL IMPACT OF THE COVID-19 PANDEMIC" in this Official Statement.

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2015-2019 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	2,774	100.00%	30,540	100.00%
Management, Business, Science & Arts	767	27.65	10,313	33.77
Service	608	21.92	6,765	22.15
Sales & Office	518	18.67	7,121	23.32
Natural Resources, Construction & Maintenance	433	15.61	3,185	10.43
Production, Transportation & Material Moving	448	16.15	3,156	10.33

The U.S. Census Bureau, 2015-2019 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	2,774	100.00%	30,540	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	162	5.84	1,186	3.88
Construction	304	10.96	1,948	6.38
Manufacturing	227	8.18	1,976	6.47
Wholesale Trade	27	0.97	468	1.53
Retail Trade	281	10.13	4,319	14.14
Transportation	84	3.03	1,227	4.02
Information	39	1.41	506	1.66
Finance, Insurance & Real Estate	154	5.55	1,559	5.10
Professional & Management Services	202	7.28	2,297	7.52
Educational, Health & Social Services	756	27.25	8,436	27.63
Arts, Entertainment, Recreation & Food Services	315	11.36	3,692	12.09
Other Professional & Related Services	121	4.36	1,368	4.48
Public Administration	102	3.68	1,558	5.10

UNEMPLOYMENT RATES

The U.S. Department of Labor, Bureau of Labor Statistics reports unemployment averages for the County of Marquette as compared to the State of Michigan as follows:

Annual Average	County of Marquette	State of Michigan
August, 2021*	4.2%	4.4%
2020*	8.3	9.9
2019	4.8	4.1
2018	4.9	4.2
2017	5.5	4.6
2016	5.8	5.0

*The above unemployment figures reflect job losses arising from the COVID-19 pandemic.

POPULATION BY AGE

The 2010 U.S. Census estimate of population by age for the County of Marquette is as follows:

	County of Marquette	
	Number	Percent
Total Population	67,077	100.00%
0 through 19 years	15,396	22.95
20 through 64 years	41,854	62.40
65 years and over	9,827	14.65

Median Age 39.4 years

INCOME

The U.S. Census Bureau, 2015-2019 American Community Survey estimate of household income for the City of Ishpeming and County of Marquette are as follows:

	City of Ishpeming		County of Marquette	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	2,832	100.00%	26,552	100.00%
Less than \$ 10,000	189	6.67	1,827	6.88
\$ 10,000 to \$ 14,999	159	5.61	1,245	4.69
\$ 15,000 to \$ 24,999	338	11.94	2,482	9.35
\$ 25,000 to \$ 34,999	386	13.63	2,860	10.77
\$ 35,000 to \$ 49,999	497	17.55	3,885	14.63
\$ 50,000 to \$ 74,999	618	21.82	5,503	20.73
\$ 75,000 to \$ 99,999	352	12.43	3,602	13.57
\$100,000 to \$149,999	208	7.34	3,397	12.79
\$150,000 to \$199,999	52	1.84	1,005	3.79
\$200,000 or MORE	33	1.17	746	2.80
Median Income	\$46,299		\$53,970	

**CITY OF ISHPEMING
GENERAL FUND BUDGET SUMMARIES AND
COMPARATIVE FINANCIAL STATEMENTS**

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APPENDIX B

GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

City of Ishpeming General Fund Budget

	As Amended 2021
Revenues:	
Taxes	\$1,666,485
Licenses & Permits	153,000
State Grants	904,750
Charges for Services	42,150
Fines & Forfeits	43,530
Interest & Rentals	4,200
Land Sale/Leases	1,600
Other Revenues and Other Financing Sources	26,200
Total Revenues	<u>\$2,841,915</u>
Expenditures:	
General Government	\$1,220,917
Public Safety	1,034,391
Public Works	378,105
Recreational and Cultural	406,121
Other & Transfers Out	5,500
Total Expenditures	<u>\$3,045,034</u>
Excess of Expenditures (over) under Revenues	<u>(\$203,119)</u>
Fund Balance - January 1	<u>\$910,960</u>
Projected Fund Balance - December 31	<u><u>\$707,841</u></u>

Source: City of Ishpeming

**City of Ishpeming
General Fund**

Comparative Balance Sheet

	For Fiscal Years Ended December 31		
	2018	2019	2020
Assets:			
Cash and Cash Equivalents	\$1,210,979	\$1,332,686	\$1,208,462
Investments	48,000	48,000	48,000
Accounts Receivable, Net	46,241	27,802	22,301
Taxes Receivable	1,524,678	1,347,156	1,394,917
Other Receivable	3,698	3,890	3,539
Due From Other Governments	146,239	151,638	149,257
Due From Other Funds	144,929	150,467	162,667
Inventory	49,605	102,131	173,192
Total Assets	<u><u>\$3,174,369</u></u>	<u><u>\$3,163,770</u></u>	<u><u>\$3,162,335</u></u>
Liabilities:			
Accounts Payable	\$86,869	\$75,548	\$98,208
Due to Component Unit	595,955	558,707	521,460
Accrued Payroll and Related	62,247	67,723	38,481
Accrued Sick and Vacation Leave	9,870	20,822	19,436
Accrued Liabilities	916	---	---
Total Liabilities	<u><u>\$755,857</u></u>	<u><u>\$722,800</u></u>	<u><u>\$677,585</u></u>
Deferred Inflows of Resources:			
Taxes Levied for a Subsequent Period	<u>\$1,524,678</u>	<u>\$1,543,220</u>	<u>\$1,573,790</u>
Total Fund Balance	<u><u>\$1,524,678</u></u>	<u><u>\$1,543,220</u></u>	<u><u>\$1,573,790</u></u>
Fund Balance:			
Non-spendable	\$49,605	\$102,131	\$173,192
Assigned	33,960	33,960	960
Unassigned	<u>810,269</u>	<u>761,659</u>	<u>736,808</u>
Total Fund Balance	<u><u>\$893,834</u></u>	<u><u>\$897,750</u></u>	<u><u>\$910,960</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$3,174,369</u></u>	<u><u>\$3,163,770</u></u>	<u><u>\$3,162,335</u></u>

Source: Audited Financial Statements

**City of Ishpeming
General Fund**

**Comparative Statement of Revenues,
Expenditures and Changes in Fund Balance**

	For Fiscal Years Ended December 31		
	2018	2019	2020
Revenue:			
Taxes	\$1,613,349	\$1,596,500	\$1,621,636
Federal Sources	---	27,287	120,242
State Sources	882,915	910,665	858,101
Licenses and Permits	171,834	170,973	155,489
Charges for Services	86,750	88,597	83,656
Interest Income and Rentals	7,645	10,746	4,886
Contributions	6,975	6,882	---
Fines and Forfeitures	56,716	48,750	49,912
Other Revenues	26,581	61,838	97,165
Total Revenue	<u>\$2,852,765</u>	<u>\$2,922,238</u>	<u>\$2,991,087</u>
Expenditures:			
Current:			
Legislative	\$15,582	\$30,206	\$13,714
General Government	1,278,301	1,294,343	1,237,616
Public Safety	841,850	840,553	1,010,394
Public Works	394,180	377,957	306,421
Community and Economic Development	32,202	30,387	45,642
Recreation and Culture	348,484	347,304	369,101
Total Expenditures	<u>\$2,910,599</u>	<u>\$2,920,750</u>	<u>\$2,982,888</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(\$57,834)</u>	<u>\$1,488</u>	<u>\$8,199</u>
Other Financing Sources (Uses):			
Insurance Recoveries	\$64,268	---	---
Operating Transfers In	7,085	\$7,056	\$12,200
Operating Transfers Out	(5,347)	(4,628)	(7,189)
Total Other Financing Sources (Uses):	<u>\$66,006</u>	<u>\$2,428</u>	<u>\$5,011</u>
Excess of Revenue & Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$8,172</u>	<u>\$3,916</u>	<u>\$13,210</u>
Fund Balance - Beginning	<u>\$885,662</u>	<u>\$893,834</u>	<u>\$897,750</u>
Fund Balance - Ending	<u><u>\$893,834</u></u>	<u><u>\$897,750</u></u>	<u><u>\$910,960</u></u>

Source: Audited Financial Statements

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**CITY OF ISHPEMING
AUDITED FINANCIAL STATEMENTS**

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ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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PARTNERS
Daniel E. Baroch, CPA
Michael A. Grentz, CPA
William C. Shelton, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Ishpeming, Michigan
100 East Division Street
Ishpeming, Michigan 49849

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

City Council of the
City of Ishpeming, Michigan

Opinions

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ishpeming, Michigan's basic financial statements. The Other Financial Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Ishpeming, Michigan's (the City) basic financial statements for the year ended December 31, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The major governmental funds budgetary comparison schedules and the enterprise funds' and internal service fund's comparative statements related to the 2019 financial statements for the year ended December 31, 2019, are 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 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2019 major governmental funds budgetary comparison schedules and the enterprise funds' and internal service fund's comparative statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of the City'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.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 24, 2021

City of Ishpeming, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of Ishpeming, Michigan's (the City) financial performance provides an overview of the City's financial activities for the year ended December 31, 2020. Please read it in conjunction with the financial statements included below.

FINANCIAL HIGHLIGHTS

- Net position for the City as a whole increased by \$1,911,908 as a result of this year's operations. Net position of our business-type activities increased by \$1,033,848 or 6 percent, and net position of our governmental activities increased by \$878,060 or 8 percent.
- During the year, the City had expenses for governmental activities that were \$5,628,348 and generated \$6,506,408 in general revenues and other program sources.
- The City's business-type activities had expenses of \$3,164,990 and generated \$4,198,838 in revenues.
- The General Fund reported a net change in fund balance of \$13,210; this is \$113,801 higher than the forecasted decrease of \$100,591.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented below as listed in the table of contents. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole is included below. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

These two statements present financial information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources with the difference reported as net position. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer and water systems and activities are reported here.
- **Component Units** – The City includes one separate legal entity in its report – The Downtown Development Authority. Although legally separate, this component unit is included because the City is financially accountable for it.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds is presented below. The fund financial statements provide detailed information on the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Position and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The City as Trustee

The City is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City as a Whole

Table 1 provides a summary of the City's net position as of December 31, 2020 and 2019.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$7,524,312	\$7,029,489	\$3,450,466	\$2,735,708	\$10,974,778	\$9,765,197
Non-current assets	-	-	7,975,705	7,946,577	7,975,705	7,946,577
Capital assets, net	19,195,351	18,962,854	19,035,503	19,207,029	38,230,854	38,169,883
Total Assets	26,719,663	25,992,343	30,481,674	29,889,314	57,181,337	55,881,657
Deferred outflows of resources	685,930	277,933	204,166	152,035	890,096	429,968
Current and other liabilities	905,691	837,970	213,911	576,483	1,119,602	1,414,453
Long-term liabilities	11,466,860	11,492,969	11,814,645	11,924,899	23,281,505	23,417,868
Total Liabilities	12,372,551	12,330,939	12,028,556	12,501,382	24,401,107	24,832,321
Deferred inflows of resources	2,540,371	2,324,726	77,697	14,228	2,618,068	2,338,954
Net Position:						
Net investment in capital assets	15,969,074	15,524,470	17,656,427	17,498,389	33,625,501	33,022,859
Restricted	2,914,171	2,536,712	677,230	774,407	3,591,401	3,311,119
Unrestricted	(6,390,574)	(6,446,571)	225,930	(747,057)	(6,164,644)	(7,193,628)
Total Net Position	\$12,492,671	\$11,614,611	\$18,559,587	\$17,525,739	\$31,052,258	\$29,140,350

Net position of the City's governmental activities stood at \$12,492,671. *Unrestricted* net position – the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at (\$6,390,574).

The (\$6,390,574) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The net position of our business-type activities stood at \$18,559,587. The City can generally only use these net positions to finance continuing operations of the water and sewer systems.

The results of this year's operations for the City as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$1,081,285	\$1,001,792	\$3,911,283	\$3,812,410	\$4,992,568	\$4,814,202
Operating grants and contributions	1,243,906	1,186,076	-	-	1,243,906	1,186,076
Capital grants and contributions	971,938	575,000	280,910	2,582,985	1,252,848	3,157,985
General Revenues:						
Property taxes	2,234,757	2,201,745	-	-	2,234,757	2,201,745
Unrestricted intergovernmental	850,014	900,895	-	-	850,014	900,895
Investment earnings	26,088	34,055	6,645	5,386	32,733	39,441
Fines and forfeitures	42,135	41,149	-	-	42,135	41,149
Miscellaneous	208,216	76,804	-	-	208,216	76,804
Gain/(loss) on sale of assets	(151,931)	-	-	-	(151,931)	-
Total Revenues	6,506,408	6,017,516	4,198,838	6,400,781	10,705,246	12,418,297
Program Expenses:						
Legislative	13,714	30,206	-	-	13,714	30,206
General government	1,718,014	1,582,747	-	-	1,718,014	1,582,747
Public safety	976,699	1,636,639	-	-	976,699	1,636,639
Public works	2,146,610	2,378,896	-	-	2,146,610	2,378,896
Community and economic development	45,642	30,387	-	-	45,642	30,387
Recreation and culture	535,281	519,510	-	-	535,281	519,510
Other governmental	-	-	-	-	-	-
Capital outlay	72,136	206,814	-	-	72,136	206,814
Interest on long-term debt	120,252	120,143	-	-	120,252	120,143
Sewer	-	-	1,534,967	1,660,068	1,534,967	1,660,068
Water	-	-	1,630,023	1,568,725	1,630,023	1,568,725
Total Expenses	5,628,348	6,505,342	3,164,990	3,228,793	8,793,338	9,734,135
Excess (deficiency) before transfers	878,060	(487,826)	1,033,848	3,171,988	1,911,908	2,684,162
Transfers in (out)	-	-	-	-	-	-
Increase (decrease) in net position	878,060	(487,826)	1,033,848	3,171,988	1,911,908	2,684,162
Net Position, Beginning	11,614,611	12,102,437	17,525,739	14,353,751	29,140,350	26,456,188
Net Position, Ending	\$12,492,671	\$11,614,611	\$18,559,587	\$17,525,739	\$31,052,258	\$29,140,350

The City's total revenues were \$10,705,246; the total cost of all programs and services was \$8,793,338 leaving an increase in net position of \$1,911,908. Our analysis below separately considers the operations of governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Governmental Activities

Government activities net position increased by \$878,060. This overall increase was due to a change in combined governmental fund balance of \$345,890, changes in general fixed assets of \$273,716, proceeds from borrowing of (\$35,870), principal payments on debt of \$219,601, a change in accrued interest of \$871, adjustments due to amortization of deferred amounts on bond of (\$1,112), internal service fund activity of \$1,514, pension liability expense of (\$191,943) related to MERS, pension liability expense related to the Police and Fire Retirement System of \$257,009, and a change in compensated absences of \$8,384.

Table 3 presents the cost of each of the three largest programs – General Government, Public Safety and Public Works – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the City's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	\$1,718,014	\$1,473,353
Public Safety	976,699	892,421
Public Works	2,146,610	231,713

Business-type Activities

Business-type activities net position increased by \$1,033,848. The Sewer Fund and the Water Fund experienced a change in net position of (\$19,501) and \$1,053,349, respectively, resulting in a net increase in Business-Type Activities of \$1,033,848.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$3,957,723, an increase of \$345,890 from the beginning of the year.

The combined fund balance increase of \$345,890 was due to a decrease in the Local Street Fund, offset by increases in the General Fund, Major Street Fund, Garbage & Rubbish Fund, Public Improvement Fund, Senior Center Fund, and Other Governmental Funds. The overall increase is primarily attributable to management closely monitoring expenditures in the General Fund resulting in net income in the General Fund of \$13,210; a reduction in projects in the current year in the Major Street Fund resulting in income of \$359,220; an increase in charges to reduce the discrepancy between income and expense in the Garbage & Rubbish Fund resulting in an increase of \$38,167; less capital outlay in the current year in the Public Improvement Fund resulting in income of \$51,946; reimbursements equaling expenditures in the Senior Center Fund resulting in income of \$1 from interest; and net income of \$18,803 in the Other Governmental Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

General Fund Budgetary Highlights

General Fund expenses were \$158,783 less than the final budget because of underspending in all areas: Legislative expenses were \$1,476 less than the final budget; General government expenses were \$33,736 less than the final budget; Public Safety was \$37,821 less than the final budget; Public Works was \$64,245 less than the final budget; Community and economic development was \$799 less than the final budget; and Recreation and Culture was \$20,706 less than the final budget. As the year progressed and the City has to limit and/or close some operations in response to the COVID-19 pandemic management and the City Council reduced budgeted expenditures across the programs effected and conversely increased the budget for Public Safety as the result of the pandemic.

General Fund revenues were \$41,217 more than the final revenue budget due to several sources coming in higher than anticipated; mainly State sources being \$10,314 more than budgeted and other revenues being \$10,001 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the City had \$38,230,854 invested in a variety of capital assets including land, buildings, and other equipment. (See Table 4 below)

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	2020		2019
	Governmental Activities	Business-type Activities	Total
Land	\$1,280,750	\$10,888	\$1,291,638
Historical treasures	135,275	-	135,275
Construction in progress	1,030,170	42,297	1,072,467
Buildings and improvements	3,922,904	24,192	3,947,096
Land improvements	2,591,997	-	2,591,997
Equipment and vehicles	1,535,183	220,154	1,755,337
Infrastructure	8,699,072	-	8,699,072
Sewer system and equipment	-	5,211,147	5,211,147
Water system and equipment	-	13,526,825	13,526,825
Total	\$19,195,351	\$19,035,503	\$38,230,854
			\$38,169,883

In 2020, the City's major governmental activities capital additions included construction costs associated with the new Senior Center project, completion of the Pavilion at Lake Bancroft, lease of a new police vehicle, technology upgrades to the Council Chambers, purchase of new accounting software, and a new roof at the DPW building. The major business-type activities included completion of the SAW grant project and USDA water line replacement project, new water meter equipment, and beginning construction on a new lift station at Park Street.

With the construction of a new Senior Center the old building was demolished and removed from the City's books at a loss of \$110,771. The DPW building originally had a roof replacement in 2008; however, due to the need to replace it closer to halfway through its estimated useful life the City recorded a loss of \$41,160.

Further details on capital assets can be found in the Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At year-end, the City had \$11,762,277 in bonds and notes outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	2020		2019
	Governmental Activities	Business-type Activities	Total
Bonds	\$3,079,600	\$8,536,000	\$11,615,600
Contracts and notes payable	146,677	-	146,677
Total	\$3,226,277	\$8,536,000	\$11,762,277
			\$12,190,038

During the year, the City leased a police vehicle in the Public Improvement Fund. No other debt was issued during the year.

During the year the City made principal payments on governmental activities and business-type activities debt in the amount of \$247,977, and \$215,654, respectively.

Further details on long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City of Ishpeming's elected officials and management consider many factors while preparing the annual budget, including matters at the state, national, and global levels as these various economies can impact the local economy. Some of the factors considered when setting the fiscal year 2021 budget are as follows:

Property Taxes (Real and Personal) are a primary source of revenue for the City and these taxes are calculated on taxable value. The annual growth in taxable value is capped by law at the lesser of inflation or five percent, unless a property is sold, in which case the taxable value becomes uncapped and the capping processing begins again. The City has seen steady growth of two to two-and-a-half percent in its taxable value base over the past several years. Management believes this trend will continue into the near future as home sale prices continue to rise. Additionally, three new businesses have announced they will be opening in 2021, two of which will fill an empty storefront on the downtown's Main Street.

State Revenue Sharing is another significant portion of the City's General Fund revenue. Back in the year 2000, the City received approximately \$1.2 million in State Revenue Sharing. Over the last 20 years, the State Revenue Sharing has been reduced to approximately \$800,000; however, there has been a recent reversal to that trend, and the City is expecting approximately \$896,500 in State Revenue Sharing for fiscal year 2021. This does not factor in possible reductions based on the impact of the pandemic which will be discussed below.

As identified in the notes to the financial statements-Note AB, on March 11, 2020 the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak in the United States has resulted in some interruptions to the City's revenues, mostly impacting State Revenue Sharing which was supplanted by CARES Act funding in 2020, parks revenue, and rental inspection revenue. As the country is in the midst of recovery from the pandemic and gathering restrictions lift, management anticipates the restoration of these revenue streams.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

As further identified in the notes to the financial statements – Note AB, in June 2021, the City is refunding the Series 2000 Building Authority Bonds, Series 2002 Building Authority Bonds, and 2011 Capital Improvement Bonds into a \$2,030,000 2021 Limited Tax General Obligation Refunding Bond. This bond refunding shows a net present value savings of \$312,134 over the life of the refunding. The City is also in the process of issuing up to the legal limit of pension obligation bonds, not to exceed \$12,000,000, in order to fund the underfunded MEKS defined benefit pension plan that was closed to new hires effective January 1, 2020. While still early in the process, initial projections show the City could see net present value savings of nearly \$4,000,000 over the life of the bonds. Management anticipates issuance of pension obligation bonds sometime around August or September 2021.

The City continues to support further development of the ski and biking trails within Ishpeming, including the Iron Ore Heritage Trail and the RAMBA trail network just to name a few. Biking events such as the Marj Gesick and the 906 Polar Roll are helping to establish Ishpeming as a mountain biking destination. In order to meet the needs from the increase in tourism, in 2021 the City was awarded a \$100,000 grant by the Michigan Department of Agriculture and Rural Development which, when combined with a local match, will construct a rustic campground on Malton Road. The campground is expected to be completed by August 2022. This is just one of several of the many exciting changes taking place within the City of Ishpeming.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at City of Ishpeming, 100 East Division Street, Ishpeming, Michigan 49849.

City of Ishpeming, Michigan
STATEMENT OF NET POSITION
December 31, 2020

	ACTIVITIES	ACTIVITIES	TOTAL	UNIT
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3,625,244	\$ 2,679,930	\$ 6,305,174	\$ 266,881
Investments	972,338	54,334	1,026,672	156,161
Receivables, net	2,153,538	716,202	3,469,740	159,992
Due from primary government	-	-	-	-
Due to primary government	-	-	-	-
Prepays and other assets	173,192	-	173,192	521,460
Non-current Assets:				
Cash and cash equivalents - restricted	-	818,781	818,781	-
Investment in Wastewater Treatment Facility	-	3,649,601	3,649,601	-
Investment in Joint Water Authority	-	3,507,363	3,507,363	-
Capital assets:				
Land, construction in progress and other non-depreciable assets	2,446,195	53,185	2,499,380	-
Other capital assets, net of depreciation	16,749,156	18,982,318	35,731,474	1,628,774
Total Capital Assets	19,195,351	19,035,503	38,230,854	1,628,774
TOTAL ASSETS	26,719,663	30,461,674	57,181,337	2,592,723
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	428,921	204,166	633,087	-
Contributions subsequent to measurement date	257,009	-	257,009	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	685,930	204,166	890,096	-
LIABILITIES				
Current Liabilities:				
Accounts payable	310,580	31,181	341,761	-
Due to component unit	521,460	-	521,460	-
Customer deposits payable	-	159,031	159,031	-
Accrued liabilities	42,394	9,221	51,615	136
Accrued interest	31,257	14,478	45,735	20,537
Unearned revenue	-	-	-	-
Non-current Liabilities:				
Portion due or payable within one year:				
Notes payable	55,873	-	55,873	-
Bonds payable	197,000	154,000	351,000	171,000
Compensated absences	19,633	1,704	21,337	-
Portion due or payable after one year:				
Notes payable	90,804	-	90,804	-
Bonds payable	2,872,038	8,382,000	11,254,038	1,170,400
Compensated absences	209,158	16,603	225,761	-
Net pension liability	8,022,354	3,260,338	11,282,692	-
TOTAL LIABILITIES	12,372,551	12,028,556	24,401,107	1,362,073
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	2,199,585	-	2,199,585	247,734
Transportation appropriation	-	-	-	-
Deferred amounts related to pension	340,786	77,687	418,483	-
Discount on investment	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,540,371	77,687	2,618,058	247,734
NET POSITION				
Net investment in capital assets	15,969,074	17,695,427	33,664,501	287,374
Restricted	2,994,177	977,230	3,971,407	321,460
Unrestricted	(6,380,574)	225,950	(6,154,624)	174,092
TOTAL NET POSITION	\$ 12,492,671	\$ 18,559,587	\$ 31,052,258	\$ 982,916

The accompanying notes are an integral part of these financial statements.

City of Lansing, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-Type Activities	Component Unit
Primary Government							
Governmental Activities:							
General government	\$ 13,714	\$ 168,285	\$ -	\$ -	\$ (13,714)	\$ -	\$ -
Public safety	1,718,014	32,326	76,376	-	(1,473,353)	-	-
Public works	976,699	1,581,962	-	-	(852,421)	-	-
Community and economic development	2,458,642	1,088,610	-	-	(45,642)	-	-
Recreation and culture	532,281	52,587	28,768	-	(453,926)	-	-
Capital outlay	72,136	-	-	971,938	899,802	-	-
Interest on long-term debt	122,252	-	-	-	(122,252)	-	-
Total Governmental Activities	5,628,348	1,081,285	1,243,906	971,938	(2,331,219)	-	-
Business-Type Activities:							
Sewer	1,554,907	1,514,148	-	-	(23,549)	-	-
Water	1,859,025	2,259,682	-	280,910	1,656,152	-	-
Total Business-Type Activities	3,162,930	3,912,835	-	280,910	1,627,203	-	-
TOTAL PRIMARY GOVERNMENT	\$ 8,791,278	\$ 4,994,120	\$ 1,243,906	\$ 1,252,848	(2,331,219)	\$ 1,627,203	\$ -
Component Unit:							
Downtown Development Authority	\$ 201,928	\$ -	\$ 1,622	\$ -	\$ -	\$ -	\$ (200,376)

General Revenues:
Property taxes
Unreheated in governmental sources
Licenses and permits
Fees and forfeitures
Grants and contributions
Dividends (on sale of assets)
Transfers

TOTAL GENERAL REVENUES & TRANSFERS
8,791,278
116,148
17,525,739
29,140,945
\$ 31,052,258

CHANGE IN NET POSITION
Net position, beginning of year
Net position, end of year

City of Lansing, Michigan
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	General Fund	Major Street Fund	Local Street Fund	Sanitation & Sewer Fund	Public Improvement Fund	Capital Projects Fund	Senior Center Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Investments	\$ 1,208,462	\$ 667,530	\$ 92,468	\$ 94,638	\$ 414,351	\$ -	\$ -	\$ 811,200	\$ 3,283,629
Accounts receivable, net	48,000	-	-	-	-	-	-	924,338	972,338
Accounts receivable	22,301	-	229	57,056	454,987	-	-	97,484	75,586
Due from other governments	1,383,747	-	-	131,243	-	-	-	134,782	1,518,730
Due from other funds	149,257	94,242	39,819	-	-	308,464	-	-	591,782
Due from other funds	162,667	-	-	-	-	-	-	-	162,667
Prepays	173,162	-	-	-	-	-	-	-	173,162
TOTAL ASSETS	3,162,335	765,172	132,514	282,927	869,338	308,464	-	1,833,114	7,350,384
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,162,335	\$ 765,172	\$ 132,514	\$ 282,927	\$ 869,338	\$ 308,464	\$ -	\$ 1,833,114	\$ 7,350,384
LIABILITIES									
Cash overdrafts	\$ 98,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,208
Due to component unit	521,480	2,150	-	33,574	4,812	143,440	-	1,608	1,621,464
Accrued payroll and related liabilities	38,481	1,473	598	126	-	-	-	-	40,678
Due to other funds	19,436	-	-	-	-	-	-	-	19,436
Due to other funds	-	-	-	-	-	-	-	182,667	182,667
TOTAL LIABILITIES	677,605	3,623	598	33,700	4,812	308,464	-	164,279	1,193,056
DEFERRED INFLOWS OF RESOURCES									
Taxes levied for a subsequent period	1,573,790	-	-	-	514,609	-	-	111,186	2,199,585
Transportation appropriation	-	-	-	-	-	-	-	-	-
Discount on investment	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,573,790	-	-	-	514,609	-	-	111,186	2,199,585
FUND BALANCE									
Unassigned	173,162	-	-	-	-	-	-	-	173,162
Restricted	-	755,149	131,916	-	349,917	-	-	988,983	1,925,175
Committed	-	-	-	-	-	-	-	512,013	1,751,996
Assigned	890	-	-	249,127	-	-	-	56,657	296,774
Unassigned	736,808	-	-	-	-	-	-	-	736,808
TOTAL FUND BALANCE	910,860	755,149	131,916	249,127	349,917	-	-	1,557,653	3,957,722
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,162,335	\$ 765,172	\$ 132,514	\$ 282,927	\$ 869,338	\$ 308,464	\$ -	\$ 1,833,114	\$ 7,350,384

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2020

Total Fund Balances for Governmental Funds

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

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.
Land, construction in progress and historical treasures
Other capital assets, net of depreciation

Net pension liability, and related deferred (outflows)/inflows of resources, is
not due and payable in the current period and is not reported in the funds.

Net pension liability -

Michigan Municipal Employees' Retirement System
Police and Fire Retirement System

Deferred outflows of resources related to pension -

Michigan Municipal Employees' Retirement System
Police and Fire Retirement System

Employer contributions subsequent to measurement date

Police and Fire Retirement System

Deferred (inflows) of resources related to net pension liability

Michigan Municipal Employees' Retirement System

Police and Fire Retirement System

Internal service funds are used by management to charge the costs of
certain activities, such as the purchase and maintenance of equipment
and vehicles, to individual funds. The assets and liabilities of the internal
service funds are included in governmental activities in the
statement of net position, net of capital assets.

Net position

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the funds.

Current portion of bonds payable

Current portion of notes and contracts payable

Accrued interest on debt

Compensated absences

Bonds payable

Long-term contracts and notes payable

Deferred amounts on bonds

Deferred gain on refunding

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,957,723

\$ 2,446,195
16,086,395

18,532,590

(5,771,515)
(2,144,901)

423,170

257,009

(194,759)
(124,687)

(7,555,683)

894,406

894,406

(197,000)

(26,326)

(31,257)

(197,797)

(2,882,600)

(11,947)

10,562

(3,336,365)

\$ 12,492,671

City of Ishpeming, Michigan

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2020

	General Fund	Major Street Fund	Local Street Fund	Garage & Fuel Fund	Public Improvement Fund	Senior Center Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Federal sources	\$ 1,621,636	\$ -	\$ -	\$ -	\$ 504,663	\$ -	\$ 108,464	\$ 2,234,759
State sources	120,242	-	-	-	-	971,538	-	1,091,780
Local sources	855,101	754,670	332,140	-	-	-	11,638	1,965,549
Charges and permits	15,589	-	-	-	-	-	-	15,589
Grants	85,659	-	-	828,087	-	-	-	913,746
Charges	-	-	-	-	-	-	15,898	15,898
Interest income and rentals	4,886	1,203	216	440	1,470	1	18,011	26,227
Contributions	-	-	-	-	417,35	68,942	9,533	120,030
Investment income	48,912	-	-	-	-	-	-	48,912
Other revenues	97,195	-	-	-	600	-	-	97,795
TOTAL REVENUES	2,991,087	755,673	332,356	828,527	546,271	1,040,861	161,144	6,655,339
EXPENDITURES:								
Current Operations:								
General government	13,714	-	-	-	-	-	-	13,714
Public safety	1,237,616	-	-	-	-	-	-	1,237,616
Public works	1,010,394	-	-	-	-	-	-	1,010,394
Police and fire	5,545,441	396,653	467,813	790,360	-	-	10,765	7,199,969
Community and economic development	3,547	-	-	-	-	-	-	3,547
Recreation and culture	45,642	-	-	-	-	-	-	45,642
Other governmental	386,101	-	-	-	-	-	20,524	406,625
Debt	-	-	-	-	-	-	-	-
Principal	-	-	-	-	79,601	-	-	79,601
Interest and fiscal charges	-	-	-	-	22,289	-	-	22,289
Capital outlay	-	-	-	-	279,158	1,040,860	16,660	1,335,718
TOTAL EXPENDITURES	2,952,886	396,653	467,813	790,360	381,048	1,040,860	288,677	6,345,319
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,199	359,220	(135,457)	38,167	167,223	1	(127,533)	310,020
OTHER FINANCING SOURCES (USES):								
Proceeds from borrowing	-	-	-	-	35,870	-	-	35,870
Proceeds from sale of capital assets	19,290	-	-	-	-	-	-	19,290
Transfers in	(7,180)	-	-	-	-	-	158,550	151,370
Transfers out	-	-	-	-	(151,347)	-	(12,200)	(163,547)
TOTAL OTHER FINANCING SOURCES (USES)	5,011	-	-	-	(115,477)	-	146,350	35,870
CHANGE IN FUND BALANCE	13,210	359,220	(135,457)	38,167	51,646	1	18,803	345,890
Fund balance, beginning of year	897,790	398,929	267,373	210,960	297,971	-	1,538,850	3,611,833
FUND BALANCE END OF YEAR	\$ 910,999	\$ 758,149	\$ 131,916	\$ 249,127	\$ 349,617	\$ 1	\$ 1,557,653	\$ 3,957,723

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 345,890

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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays \$ 1,267,568
Depreciation expense (841,921)
Net book value of disposed assets (151,931)

Proceeds of borrowing are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt.

Current year amortization of deferred amounts on bond

Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Building, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.

Change in net position

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

Pension liability expense
Pension liability expense - Fire-Police Retirement
Compensated absences

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 878,060

(191,943)
257,009
8,384

73,450

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

PROPRIETARY FUNDS
STATEMENTS OF NET POSITION

December 31, 2020

	Business-type Activities			Internal Service Funds
	Sewer Fund	Water Fund	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,272,086	\$ 1,407,844	\$ 2,679,930	\$ 480,055
Investments	84,334	-	84,334	-
Accounts receivable	294,321	354,712	649,033	-
Allowance for uncollectible accounts	-	-	-	-
Delinquent utilities	23,806	51,753	75,559	-
Due from other funds	-	3,520	3,520	-
Due from other governmental units	-	31,410	31,410	-
Non-current Assets:				
Cash and cash equivalents - restricted	-	818,781	818,781	-
Investment in Wastewater Treatment Facility	3,649,601	-	3,649,601	-
Investment in Joint Water Authority	-	3,507,323	3,507,323	-
Capital Assets:				
Land and construction in progress	42,297	10,888	53,185	-
Land and capital assets, net of depreciation	5,405,092	13,577,226	18,982,318	662,761
Other capital assets, net of depreciation	5,447,389	13,586,114	19,035,503	662,761
TOTAL ASSETS	10,701,737	19,763,457	30,465,194	1,142,816
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	75,224	128,942	204,166	5,751
TOTAL DEFERRED OUTFLOWS OF RESOURCES	75,224	128,942	204,166	5,751
LIABILITIES				
Current Liabilities:				
Cash overdrafts	-	30,221	31,181	5,205
Accounts payable	960	159,031	159,031	-
Customer deposits payable	-	5,634	5,634	1,716
Accrued payroll and related	3,587	-	3,587	-
Accrued interest	-	14,478	14,478	-
Due to other funds	3,520	-	3,520	-
Non-current Liabilities:				
Portals payable within one year	-	-	-	-
Bonds payable	-	154,000	154,000	29,547
Notes payable	-	-	-	197
Compensated absences	281	1,423	1,704	-
Portion due or payable after one year	-	-	-	-
Bonds payable	-	8,382,000	8,382,000	-
Notes payable	-	-	-	78,857
Compensated absences	2,179	14,424	16,603	11,361
Net pension liability	1,053,687	2,206,651	3,260,338	105,838
TOTAL LIABILITIES	1,064,214	10,967,862	12,032,076	232,821
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pension	50,101	27,596	77,697	21,340
TOTAL DEFERRED INFLOWS OF RESOURCES	50,101	27,596	77,697	21,340
NET POSITION				
Net investment in capital assets	9,096,990	8,559,437	17,656,427	554,357
Restricted:				
Debt service	-	677,230	677,230	-
Unrestricted	565,656	(339,726)	225,930	340,049
TOTAL NET POSITION	\$ 9,662,646	\$ 8,896,941	\$ 18,559,587	\$ 894,406

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan
PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	Business-type Activities			Internal
	Enterprise Funds			Service
	Sewer	Water	Total	Funds
	Fund	Fund		Motor
				Pool
OPERATING REVENUES:				
Rentals				
Charges for services	\$ 1,511,418	\$ 2,397,492	\$ 3,908,910	\$ 712,172
Other operating revenue	-	2,373	2,373	-
TOTAL OPERATING REVENUES	1,511,418	2,399,865	3,911,283	712,172
OPERATING EXPENSES:				
Personal services	507,816	702,806	1,210,622	329,829
Contractual services	595,665	472,268	1,067,933	1,200
Supplies	15,153	21,336	36,489	207,105
Utilities	2,321	16,667	18,988	-
Depreciation	390,068	82,304	472,372	131,219
Equipment rental	91,714	95,697	187,411	-
Other expenses	44,365	66,715	111,080	38,489
TOTAL OPERATING EXPENSES	1,647,002	1,457,793	3,104,795	707,642
OPERATING INCOME (LOSS)	(135,584)	942,072	806,488	4,530
NON-OPERATING REVENUES (EXPENSES):				
Interest (expense)	(1,875)	(172,230)	(174,105)	(4,630)
Gain/(loss) on wastewater facility	113,910	-	113,910	-
Interest income	4,048	2,597	6,645	1,614
TOTAL NON-OPERATING REVENUES (EXPENSES)	116,083	(169,633)	(53,550)	(3,016)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(19,501)	772,439	752,938	1,514
Federal sources	-	249,500	249,500	-
State sources	-	31,410	31,410	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
CHANGE IN NET POSITION	(19,501)	1,053,349	1,033,848	1,514
Net position, beginning of year	9,682,147	7,843,592	17,525,739	892,892
NET POSITION, END OF YEAR	\$ 9,662,646	\$ 8,896,941	\$ 18,559,587	\$ 894,406

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan
PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2020

	Business-type Activities			Internal
	Enterprise Funds			Service
	Sewer	Water	Total	Funds
	Fund	Fund		Motor
				Pool
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from fees and charges for services	\$ 1,608,005	\$ 2,578,774	\$ 4,186,779	\$ -
Other operating revenues	(463,150)	167,963	167,963	712,172
Cash payments to employees for services	(640,419)	(1,103,569)	(1,743,988)	(307,884)
Cash payments to suppliers for goods and services	(775,475)	(999,213)	(1,774,688)	(248,150)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	369,380	1,107,105	1,476,485	156,138
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in cash overdraft	-	-	-	-
(Increase) decrease in due from other funds	-	(3,520)	(3,520)	-
Increase (decrease) in due to other funds	3,520	-	3,520	-
Transfers in (out)	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,520	(3,520)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on debt	(64,654)	(151,000)	(215,654)	(28,376)
Interest paid on debt	(1,875)	(172,230)	(174,105)	(4,630)
Proceeds from borrowing	-	-	-	-
Cash payments for capital assets	(68,934)	(231,912)	(300,846)	(90,000)
Proceeds sale of capital assets	-	-	-	-
Proceeds from federal and state grants for capital assets	-	280,910	280,910	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(135,463)	(274,232)	(409,695)	(123,006)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Increase) decrease in investments	(342)	-	(342)	-
Investment income	4,048	2,597	6,645	1,614
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,706	87,379	91,085	1,614
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	241,143	916,732	1,157,875	34,746
Cash and cash equivalents, beginning of year	1,030,943	491,112	1,522,055	445,309
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,272,086	\$ 1,407,844	\$ 2,679,930	\$ 480,055
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (135,584)	\$ 942,072	\$ 806,488	\$ 4,530
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	390,068	82,304	472,372	131,219
Change in assets and liabilities:				
(Increase) decrease in accounts receivable, net	96,587	181,282	277,869	-
(Increase) decrease in due from other governmental units	-	165,590	165,590	-
Increase (decrease) in accounts payable	(26,357)	(332,605)	(358,962)	(1,366)
Increase (decrease) in customer deposits payable	-	6,075	6,075	-
Increase (decrease) in accrued payroll	(3,462)	(6,223)	(9,685)	(3,352)
Increase (decrease) in accrued interest	-	-	-	-
Increase (decrease) in accrued sick and vacation	814	3,654	4,468	(4,601)
Increase (decrease) in net pension liability and related	47,314	64,956	112,270	29,698
NET ADJUSTMENTS	504,964	165,033	669,997	151,608
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 369,380	\$ 1,107,105	\$ 1,476,485	\$ 156,138

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF FIDUCIARY NET POSITION

December 31, 2020

	Pension Trust Fund	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS					
Cash and equivalents	\$ 114,839	\$ -	\$ 24,149	\$ 491,395	\$ 630,383
Investments	4,811,363	-	-	-	4,811,363
Taxes receivable	256,458	-	-	2,583,271	2,839,729
Other receivables	1	-	-	-	1
Due from other governments	-	-	-	-	-
TOTAL ASSETS	5,182,661	-	24,149	3,074,666	8,281,476
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES					
Due to others	-	-	24,149	2,000	26,149
Due to other governmental units	-	-	-	3,072,666	3,072,666
TOTAL LIABILITIES	-	-	24,149	3,074,666	3,098,815
DEFERRED INFLOWS OF RESOURCES	230,064	-	-	-	230,064
TOTAL DEFERRED INFLOWS OF RESOURCES	230,064	-	-	-	230,064
NET POSITION	4,892,597	-	-	-	4,892,597
Restricted for:					
Pensions	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-
Property tax collections for other governments	-	-	-	-	-
TOTAL NET POSITION	\$ 4,892,597	\$ -	\$ -	\$ -	\$ 4,892,597

The accompanying notes are an integral part of these financial statements.

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2020

	Pension Trust Fund	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund	Total
ADDITIONS:					
Contributions:					
Taxes	\$ 257,009	\$ -	\$ -	\$ -	\$ 257,009
Employer	-	-	-	-	-
Employee	28,275	-	-	-	28,275
Gifts, bequests and endowments	-	-	-	-	-
Total Contributions	285,284	-	-	-	285,284
Investment income:					
Net income (depreciation) in fair value of investments	517,792	-	-	-	517,792
Interest and dividends	112,821	-	-	-	112,821
Administrative expense	(43,884)	-	-	-	(43,884)
Net Investment Income (Loss)	586,529	-	-	-	586,529
Other Additions:					
Collections for individuals, organizations, and other governments	-	-	52,869	-	52,869
Property tax collections for other governments	-	-	-	3,954,954	3,954,954
Total Other Additions	-	-	52,869	3,954,954	4,007,823
TOTAL ADDITIONS	871,813	-	52,869	3,954,954	4,879,636
DEDUCTIONS:					
Benefits and annuity withdrawals	462,717	-	-	-	462,717
Refunds of contributions	-	-	-	-	-
Other expenditures	-	-	52,869	-	52,869
Payments to individuals, organizations, and other governments	-	-	-	3,954,954	3,954,954
Payments of property tax collections for other governments	-	-	-	-	-
TOTAL DEDUCTIONS	462,717	-	52,869	3,954,954	4,470,540
CHANGE IN NET POSITION	409,096	-	-	-	409,096
Net position, beginning of year	4,483,501	-	-	-	4,483,501
NET POSITION, END OF YEAR	\$ 4,892,597	\$ -	\$ -	\$ -	\$ 4,892,597

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City of Ishpeming, Michigan (the City) conform to accounting principles generally accepted in the United States of America applicable to local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies.

REPORTING ENTITY

The City of Ishpeming, Michigan was incorporated in 1873 in accordance with the laws of the State of Michigan and operates under a Council-Manager form of government. As required by generally accepted accounting principles, the City's financial statements present the City (the primary government) and its component units. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a December 31st year-end.

Policemen and Firemen Retirement System – The City of Ishpeming is the administrator of a single-employer public employee retirement system established and administered by the City to provide pension benefits for the Police and Fire Department employees. The Policemen and Firemen Retirement System is considered part of the City of Ishpeming financial reporting entity and is included in the City's financial report as a pension trust fund.

BLENDED COMPONENT UNITS

Governmental Fund Type

City of Ishpeming Building Authority – The Building Authority's governing body consists of the City Manager, Finance Director, and City Treasurer which are appointed by the governing board of the reporting entity. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

The reporting entity has guaranteed the debt issues of the Authority.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

DISCRETELY PRESENTED COMPONENT UNITS

Governmental Fund Type

City of Ishpeming Downtown Development Authority – The Downtown Development Authority's governing board is appointed by the City's Manager with consent of the Council and includes the City Manager of the reporting entity. The reporting entity has the responsibility to fund deficits and operating deficiencies, as well as guarantee for any debt the Authority issues.

Separate financial statements for the City of Ishpeming Downtown Development Authority are not developed; however, information can be obtained from the City's Finance Department upon request located at 100 East Division Street, Ishpeming, Michigan 49849.

RELATED ORGANIZATIONS

Ishpeming Housing Commission – The Ishpeming Housing Commission was created to provide low-income housing for the City residents. The Ishpeming Housing Commission's governing board is appointed by the City Mayor with the confirmation of the Commission; however, the City does not provide any financial assistance to the Housing Commission. Management of the Housing Commission is not designated by the City nor does the City have the ability to significantly influence operations. The City does not subsidize the operations of the Housing Commission and does not guarantee its debt service. The Ishpeming Housing Commission has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

Summary financial information as of and for the fiscal year ended December 31, 2019, is as follows:

Total Assets	\$2,768,095
Total Liabilities	155,868
Total Net Position	2,612,227
Total Operating Revenues	793,205
Total Operating Expenses	1,055,872
Total Non-Operating Revenues(expenses)	2,376
Capital Grant Contributions	182,582
Net Increase (Decrease) in Net Position	(77,709)

BASIS OF PRESENTATION

Government-Wide Financial Statements

The City of Ishpeming, Michigan's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, public works, culture and recreation, and general administrative services are classified as governmental activities. The City's sewer and water services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

as long-term debt and obligations. The City's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. The City uses the following fund types:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund** – The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- **Capital Projects Funds** – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- **Permanent Funds** – Permanent Funds are used to account for assets held by the City pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the City:

- **Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Fiduciary funds are used to report the assets held by the City in a trustee capacity or as an agent for others and therefore are not available to support the City's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Major Funds:

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities, and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Major Street Fund** accounts for the activities related to receipt of allocated state shared gas and weight taxes to be spent on certain "mile" roads designated as major under contractual agreement with the State of Michigan.
- The **Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.
- The **Garbage & Rubbish Fund** accounts for activities related to garbage and rubbish collection and disposal.
- The **Public Improvement Fund** accounts for the activities related to development and improvement of the City's general capital assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The **Senior Center Fund** accounts for the activities related to construction of the new Senior Citizen Center building.
- The City reports the following major proprietary funds:
 - The **Sewer Fund** accounts for the activities related to sanitary sewer operation and booster stations and billing for services.
 - The **Water Fund** accounts for the activities related to water treatment and distribution and billing for services.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust fund and custodial funds). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

BASIS OF ACCOUNTING

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer services are accrued as revenue in the Water and Sewer Funds based upon estimated consumption at year-end.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Significant revenues susceptible to accrual include payments in lieu of taxes, state and federal sources, and intergovernmental revenues. Other revenue sources such as licenses, permits, charges for services, sales, fees, fines, rentals, and other are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred with certain exceptions such as interest on long-term debt, compensated absences and claims and judgments which are generally recognized when payment is due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

FINANCIAL STATEMENT AMOUNTS

Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. The fair value measurement of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory

Inventory costs are recorded at average cost which approximates market. Inventories consist of expandable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than purchased.

Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year end, balances of interfund accounts receivable or payable have been recorded and are subject to elimination upon consolidation.

Interfund receivables and payables have been eliminated from the Statement of Net Position.

Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their estimated fair value on the date of transfer.

Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary fund financial statements. Accumulated depreciation is reported on government-wide and proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Depreciation Life
Buildings, structures, and improvements	20-50 years
Vehicles and equipment	5-15 years
Water supply and sewage disposal systems	20-50 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

GASB No. 34 requires the City to report and depreciate new infrastructure assets placed in service after January 1, 2004. Infrastructure assets include roads, bridges and traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is optional for the City under GASB No. 34 and the City has elected not to retroactively report infrastructure assets prior to January 1, 2004.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports the following in this category:

The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

The City's Policemen and Firemen Retirement System has a plan year of January 1 to December 31; however, the actuarial valuation for the plan is not available at the time of the preparation of the financial statements. Therefore, the most recent actuarial valuation is used which is for the previous plan year ended December 31. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Long-Term Liabilities

In the government-wide financial statements and 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 and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as a prepaid and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses.

Bond issuance costs whether or not withheld from the actual debt received, are reported as debt service and expensed the year incurred.

Pensions

For the purpose of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan or the Policemen and Firemen Retirement System (the System) and additions to/deductions from MERS' or the System's fiduciary net position have been determined on the same basis as they are reported by MERS or the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports the following in this category:

The government reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

In the government-wide and governmental fund financial statements property taxes levied during the year that were intended to finance future periods, which arises only under a modified accrual basis of accounting are deferred and recognized as an inflow of resources in the period that the amount becomes available.

In the government-wide and governmental fund financial statements transportation appropriations from the State applicable to future periods are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Ishpeming because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation. These amounts are derived from the fund financial statements by combining non-spendable and restricted fund balance classifications.
3. Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "net invested in capital assets."

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Revenues

Government-Wide Statements

In the government-wide Statement of Activities, revenues are segregated by activity, and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions, and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

Fund Statements

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the City's policy to use the restricted resources first.

Property Taxes

The City bills and collects its own property taxes and also the taxes for the local school district, the intermediate school district, the county, the Downtown Development Authority, and the Iron Ore Heritage Trail Authority. Collections of taxes on behalf of other local units of government are accounted for in the Tax Collection Fund. Property taxes are levied on December 1st based on the taxable value of property. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Expenses/Expenditures

Government-Wide Statements

In the government-wide Statement of Activities, expenses are segregated by activity (governmental or business-type) and are classified by function.

Fund Statements

In the governmental fund financial statements, expenditures are classified by character such as current operations, debt service and capital outlay.

In the proprietary fund financial statements, expenses are classified by operating and non-operating and are sub-classified by function such as personnel services and other services and charges.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities; and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Not later than October 15, the City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year commencing January 1 in accordance with the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. Not later than November 30, the budget is adopted by the City Council in accordance with the provisions of the City Charter.
4. The City Council adopts the budget by functional categories. Any transfers of appropriations between functions must be approved by the City Council. All unencumbered and unexpended appropriations lapse at year end.
5. Formal budgetary integration is employed as a management control device for the general fund and all special revenue funds. The budgets for the capital projects and enterprise funds are informational summaries only and are not covered under the City's General Appropriations Act or the State's Public Act 621.
6. The City Council has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended during the fiscal year.
7. The legally adopted budgets and informational budget summaries for the funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to each fund's method of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and affect the disclosure of contingent assets and liabilities at the date of financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 24, 2021, which is the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – CASH AND EQUIVALENTS:

The composition of cash and cash equivalents reported on the Statement of Net Position are as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total Reporting Entity
Cash and cash equivalents:				
Unrestricted	\$6,305,174	\$630,383	\$266,881	\$7,202,438
Restricted	818,781	-	-	818,781
TOTAL	\$7,123,955	\$630,383	\$266,881	\$8,021,219

Custodial Credit Risk – 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. State law does not require, and the City does not have, a deposit policy for custodial credit risk. As of December 31, 2020, the carrying amount of the City's deposits with financial institutions was \$8,021,219 and the bank balance was \$8,176,450, of which, \$376,207 or approximately 5% was covered by federal depository insurance according to FDIC regulations. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name \$376,207

Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:

Collateralized and uninsured 7,800,243
TOTAL REPORTING ENTITY **\$8,176,450**

NOTE C – INVESTMENTS:

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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. As of December 31, 2020, the City had the following investments:

	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	6-10	More Than 10
PRIMARY GOVERNMENT:					
CDs and money market ²	\$881,815	\$828,672	\$53,143	\$-	\$-
U.S. Government Agencies ¹	144,857	19,994	109,015	15,848	-
U.S. Treasury Bonds ¹	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$1,026,672	\$848,666	\$162,158	\$15,848	\$-
FIDUCIARY FUNDS:					
Mutual Equity Funds ¹	\$3,679,412	\$-	\$-	\$-	\$3,679,412
Mutual Equity Index Funds ¹	1,131,951	-	-	-	1,131,951
TOTAL FIDUCIARY	\$4,811,363	\$-	\$-	\$-	\$4,811,363

NOTE C – INVESTMENTS (Continued):

	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	6-10	More Than 10
COMPONENT UNIT:					
CDs and money market ²	\$15,616	\$15,616	\$-	\$-	\$-
TOTAL COMPONENT UNIT	\$15,616	\$15,616	\$-	\$-	\$-

1 – Level 1 Input; 2 – Level 2 Input; 3 – Level 3 Input

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Michigan statutes (Act 196, PA 1997) authorize the City to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Michigan statute (Act 314, PA 1965, as amended) authorizes the pension trust to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds.

The City has no investment policy that would further limit its investment choices. The City's investments are in accordance with statutory authority.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer. There were no investments subject to concentration credit risk disclosure.

NOTE D – RESTRICTED ASSETS:

Certain resources set aside for the repayment of debt proceeds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Assets restricted by applicable bond covenants are as follows:

	December 31, 2020	
	Required Balance	Actual Balance
I. Construction accounts		
These accounts are used to receive loan/grant proceeds and pay construction costs.		
a. To be used for the monies received from the utility system construction.	\$-	\$-

NOTE D – RESTRICTED ASSETS (Continued):

	December 31, 2020	
	Required Balance	Actual Balance

II. Bond payment accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.

- a. 2017 Water Supply System Revenue Bond,
½ of interest due on next payment and not less than ¼ of the principal due the next year.

\$81,180	\$125,101
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III. Bond reserve accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.

- a. 2017 Water Supply System Revenue Bond,
\$8,400 quarterly up to \$336,000.

109,200	109,200
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IV. Capital improvement accounts

These accounts are required to be funded per bond. These funds are to be used for repairs, replacement, or improvements to the water system. If the amounts in the bond reserve accounts are not sufficient to pay on the bonds when due, these monies may be transferred for that purpose.

- a. 2017 Water Supply System Revenue Bond,
\$17,281.25 per quarter less the amount deposited in the Reserve Account (\$8,400 quarterly) or \$8,881.25 quarterly.

115,456	115,456
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V. Operations and maintenance accounts

These accounts are required to be funded per bond issues. The fund shall be used solely for the operation and maintenance of the System.

- a. 2017 Water Supply System Revenue Bond,
sum sufficient to provide for payment of next quarter's expenses of administration and operation

371,394	469,024
<u>\$677,230</u>	<u>\$818,781</u>

Total

NOTE E – ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE:

Receivables as of year-end for the government's individual major funds, aggregate non-major governmental funds, and major proprietary funds, including applicable allowances for uncollectible accounts, are as follows:

Type	Governmental Activities	Business- Type Activities	Total Primary Government
Property taxes – current	\$1,947,388	\$-	\$1,947,388
Accounts receivable	79,586	-	79,586
Utilities receivable	61,518	609,233	670,751
Delinquent utilities receivable	27,946	75,559	103,505
Other receivables	45,318	-	45,318
Due from other government units	591,782	31,410	623,192
Total	<u>\$2,753,538</u>	<u>\$716,202</u>	<u>\$3,469,740</u>

Receivable balances have been disaggregated by type and presented separately in the financial statements.

NOTE F – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS IN/OUT:

The City reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds.

A summary of the interfund receivables and payables at December 31, 2020 is as follows:

DUE FROM						Total Due To Other Funds
General Fund	Capital Projects	Water	Internal Service			
General Fund	\$-	\$-	\$-	\$-	\$-	
Garbage	-	-	-	-	-	
Non-major Governmental Funds	162,677	-	-	-	-	162,677
Water	-	-	-	-	-	
Sewer	-	-	-	-	-	
Total Due From Other Funds	<u>\$162,677</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$162,677</u>

All internal 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.

NOTE F – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS IN/OUT (Continued):

The transfers between funds for the year ended December 31, 2020 are as follows:

	TRANSFERS IN				Total Transfers Out
	General Fund	Capital Projects	Non-major Gov't Funds	Internal Service	
General Fund	\$	\$-	\$7,189	\$-	\$7,189
Capital Projects	-	-	151,347	-	151,347
Non-major Governmental Funds	12,200	-	-	-	12,200
Total Transfers In	\$12,200	\$-	\$158,536	\$-	\$170,736

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE G – CAPITAL ASSETS:

A summary of the changes in governmental activities capital assets is as follows:

	Balance December 31, 2019		Balance December 31, 2020	
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$1,280,750	\$-	\$1,280,750	
Historical treasures	135,275	-	135,275	
Construction in progress	680,098	1,030,170	1,030,170	
Subtotal	2,096,123	1,030,170	2,446,195	
Capital assets being depreciated:				
Buildings and improvements	12,380,384	794,841	12,371,952	
Land improvements	3,287,840	-	3,287,840	
Equipment and vehicles	6,600,230	212,655	6,730,217	
Infrastructure	10,937,559	-	10,937,559	
Subtotal	33,206,013	1,007,496	33,327,568	
Total Capital Assets	35,302,136	2,037,666	35,773,763	
Less accumulated depreciation:				
Buildings and improvements	(8,880,093)	(220,297)	(9,100,390)	
Land improvements	(597,088)	(98,755)	(695,843)	
Equipment and vehicles	(4,976,167)	(301,535)	(5,277,702)	
Infrastructure	(1,885,934)	(352,553)	(2,238,487)	
Total Accumulated Depreciation	(16,339,282)	(973,140)	(17,312,422)	
CAPITAL ASSETS, NET	\$18,962,854	\$1,064,526	\$18,261,341	

NOTE G – CAPITAL ASSETS (Continued):

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activities:	
General Government	\$470,293
Public Safety	186,328
Public Works	107,271
Recreation and Culture	78,029
Internal Service Fund charged to above activities	131,219
Total Depreciation Expense	\$973,140

A summary of changes in business-type activities capital assets is as follows:

	Balance December 31, 2019		Balance December 31, 2020	
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$10,888	\$-	\$10,888	
Construction in progress	13,781,938	250,445	13,990,086	
Subtotal	13,792,826	250,445	13,990,086	
Capital assets being depreciated:				
Building and improvements	68,793	-	68,793	
Equipment	447,228	50,401	497,629	
Sewer system	14,738,040	1,994,339	16,732,379	
Water system	4,290,204	11,995,747	16,285,951	
Subtotal	19,544,265	14,040,487	33,584,752	
Total Capital Assets	33,337,091	14,290,932	33,637,937	
Less accumulated depreciation:				
Building and improvements	(42,873)	(1,728)	(44,601)	
Equipment	(243,524)	(33,951)	(277,475)	
Sewer system	(11,166,843)	(354,389)	(11,521,232)	
Water system	(2,676,822)	(82,304)	(2,759,126)	
Total Accumulated Depreciation	(14,130,062)	(472,372)	(14,602,434)	
CAPITAL ASSETS, NET	\$19,207,029	\$13,818,560	\$19,035,503	

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-type Activities:	
Sewer	\$390,068
Water	82,304
Total Depreciation Expense	\$472,372

NOTE G – CAPITAL ASSETS (Continued):

A summary of the changes in component unit activities capital assets is as follows:

	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020
COMPONENT UNIT:				
Capital assets not being depreciated:				
Land	\$-	\$-	\$-	\$-
Construction in progress	-	-	-	-
Subtotal	-	-	-	-
Capital assets being depreciated:				
Land improvements	139,829	-	-	139,829
Infrastructure	2,169,572	-	-	2,169,572
Subtotal	2,309,401	-	-	2,309,401
Total Capital Assets	2,309,401	-	-	2,309,401
Less accumulated depreciation:				
Land improvements	(30,984)	(7,947)	-	(38,931)
Infrastructure	(536,225)	(105,471)	-	(641,696)
Total Accumulated Depreciation	(567,209)	(113,418)	-	(680,627)
CAPITAL ASSETS, NET	\$1,742,192	(\$113,418)	\$-	\$1,628,774

Depreciation expense for the component unit activities was charged to the following functions and activities of the primary government:

Component Unit Activities:	
DDA	\$113,418
Total Depreciation Expense	\$113,418

NOTE H – CONSTRUCTION IN PROGRESS:

The City has a number of projects underway which involve additions, extensions, and improvements to the City cemetery, parks, streets, sanitary sewer, and water systems. Major construction projects in progress as of December 31, 2020 include the following:

Senior Citizen Center Project, \$1,030,170; the City began construction for a new Senior Citizen Center during the year. Total cost for the project is expected to be \$2,103,680. Funding for the project is through a Community Development Block Grant for \$1,896,342, which requires a 2% private match being paid for by the Greater Ishpeming Commission on Aging. The old Senior Citizen Center located on Pine Street was demolished and the new Senior Citizen Center will be located on Greenwood Street and will offer over 3,000 square feet of community space. The project is expected to be completed summer 2021.

Lake Bancroft Pavilion; the City began construction of a Pavilion at Lake Bancroft in 2019. Total cost for the project was expected to be approximately \$600,000. Funding for the project through \$50,000 from DDA, \$250,000 from Cliffs Eagle Mine grants, and \$300,000 from DNR grant. The project was completed in 2020 at a total cost of \$645,503.

NOTE H – CONSTRUCTION IN PROGRESS (Continued):

Columbarium, \$18,000; the City placed an order for a new Columbarium at the cemetery. The columbarium is expected to be delivered and installed in the spring of 2020.

Park Street Lift Station, \$42,297; in 2020 the City began construction of a lift station at Park Street. Total cost of the project is approximately \$46,400. The project is expected to be completed in 2021.

Water Improvement Project-SAW grant; in 2015 in conjunction with the City's Water Improvement Project (see below) the City began replacing sewer lines that were degraded. The City utilized a Stormwater Asset Management and Wastewater (SAW) grant through Michigan Department of Environmental Quality (MDEQ) to help offset the costs. The was completed in 2020 at a total cost of \$1,994,339.

Water Improvement Project; in 2015 City secured grant and USDA funding for a water line replacement project within the City. The project was estimated to cost approximately \$12,000,000 with funding being provided through a USDA loan totaling \$8,980,000 and a USDA grant totaling \$3,020,000. The project was completed in 2020 with a total cost of \$12,046,148 for all components.

As of December 31, 2020, total construction in progress costs incurred amounted to \$1,030,170 in the governmental type activities and \$42,297 in the business-type activities.

NOTE I – LONG-TERM PAYABLE TO DDA:

In the past the DDA loaned the City money to finance various City projects. In 2015, the City Council agreed to a 20-year payment plan schedule to pay back the DDA the amount owed with annual payments of \$37,247 beginning in 2015. The balance outstanding as of December 31, 2020 is \$521,460.

NOTE J – LONG -TERM DEBT:

A summary of long-term obligations at December 31, 2020 and transactions related thereto for the year then ended is as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Limited Tax General Obligation Building Authority Bonds, Series 2000, Payable semi-annually including interest of 4.25% per annum.	\$502,000	\$-	(\$35,000)	\$467,000	\$37,000
Limited Tax General Obligation Building Authority Bonds, Series 2002, Payable semi-annually including interest of 4.75% per annum.	54,000	-	(3,000)	51,000	3,000
General Obligation Limited Tax Capital Improvement Bonds, Series 2011, Payable semi-annually including interest of 3.00% to 5.00% per annum.	476,400	-	(52,800)	423,600	54,000
Building Authority Bonds, Series 2015, Payable semi-annually including interest of 3.25% per annum.	1,286,000	-	(31,000)	1,255,000	32,000

NOTE J – LONG -TERM DEBT (Continued):

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Building Authority Bonds, Series 2016, Payable semi-annually including interest of 3.125% per annum.	\$229,000	\$-	(\$6,000)	\$223,000	\$6,000
General Obligation Unlimited Tax Bonds, Series 2017. Payable semi- annually including interest of 3.00% to 3.125% per annum.	725,000	-	(65,000)	660,000	65,000
2019 Dodge Charger Lease, Payable annually including interest of 5.24%.	29,204	-	(14,229)	14,975	14,975
Snowplow Loan, Payable monthly including interest rate of 3.60%.	136,790	-	(28,376)	108,404	29,547
2020 Dodge Charger Lease, Payable annually including interest of 5.24%	-	35,870	(12,572)	23,298	11,351
SUBTOTAL	3,438,384	35,870	(247,977)	3,226,277	252,873
Less: Premium on bonds	(11,674)	-	1,112	(10,562)	-
SUBTOTAL	3,426,710	35,870	(246,865)	3,215,715	252,873
Compensated absences	243,162	-	(14,371)	228,791	19,633
TOTAL GOVERNMENTAL ACTIVITIES	\$3,669,872	\$35,870	(\$261,236)	\$3,444,506	\$272,506

BUSINESS-TYPE ACTIVITIES:

Installment payable for purchase of Vocal Freightliner. Payable annually beginning November 1, 2016 including interest of 2.9%. Secured by equipment.	\$64,654	-	(\$64,654)	\$-	\$-
Water Revenue Bonds, Series 2017. Payable semi-annually beginning June 1, 2018 including interest of 2.125%	8,687,000	-	(151,000)	8,536,000	154,000
SUBTOTAL	8,751,654	-	(215,654)	8,536,000	154,000
Compensated absences	13,839	4,468	-	18,307	1,704
TOTAL BUSINESS-TYPE ACTIVITIES	\$8,765,493	\$4,468	(\$215,654)	\$8,554,307	\$155,704

COMPONENT UNIT:

General Obligation Limited Tax Capital Improvement Bonds, Series 2011. Payable semi-annually including interest of 3.00% to 5.00% per annum.	\$1,508,600	\$-	(\$167,200)	\$1,341,400	\$171,000
TOTAL COMPONENT UNIT	\$1,508,600	\$-	(\$167,200)	\$1,341,400	\$171,000

The annual principal and interest requirements for the years ending December 31, 2020 and thereafter, excluding accrued compensated absences, are as follows:

NOTE J – LONG -TERM DEBT (Continued):

	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$252,873	\$118,487	154,000	179,754	171,000	58,763
2022	228,391	108,484	157,000	176,450	110,200	52,003
2023	222,782	98,539	161,000	173,071	114,000	47,239
2024	212,631	89,141	164,000	179,618	117,800	42,239
2025	206,400	81,169	168,000	176,091	121,600	37,002
2026-2030	1,059,200	279,358	893,000	774,871	706,800	89,808
2031-2035	297,000	149,908	992,000	674,858	-	-
2036-2040	343,000	99,336	1,102,000	563,700	-	-
2041-2045	404,000	39,782	1,225,000	440,142	-	-
2046-2050	-	-	1,361,000	302,931	-	-
2051-2055	-	-	1,512,000	150,405	-	-
2056-2060	-	-	647,000	13,780	-	-
Totals	\$3,226,277	\$1,064,204	\$8,536,000	\$3,805,671	\$1,341,400	\$327,054

NOTE K – COMPENSATED ABSENCES:

The City accrues the liability for earned sick leave using the vesting method. The liability is accrued as the benefits are earned if it is probable that the City will compensate the employees conditioned upon retirement, death or termination of employment. Employees earn sick leave at the rate of one (1) day per month, not to exceed 12 days per year. Upon termination in good standing, retirement, death, or disability, employees or their estates, shall be paid for sick leave accumulated at their current rate of pay as dictated by the respective union contract or employment agreement.

Employees earn vacation leave at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation days accumulated at their current rate of pay.

The current portion of the liability for governmental fund types and the entire liability for proprietary fund types are reported as part of the accrued expenses in the respective funds. The long-term portion of the liability applicable to the governmental fund types is reported in the Statement of Net Position. The liability is recorded as follows:

	Sick	Vacation	Total
Current Portion:			
General Fund	\$-	\$19,436	\$19,436
Motor Pool Fund	-	197	197
Sewer Fund	-	281	281
Water Fund	-	1,423	1,423
Total Current	-	21,337	21,337
Long-term Portion:			
Governmental Activities	112,411	85,386	197,797
Motor Pool Fund	5,666	5,695	11,361
Sewer Fund	1,335	844	2,179
Water Fund	8,067	6,357	14,424
Total Long-term	127,479	98,282	225,761
GRAND TOTAL	\$127,479	\$119,619	\$247,098

NOTE L – TAXES LEVIED FOR A SUBSEQUENT PERIOD:

Property taxes levied on December 1, 2020 have met all criteria related to revenue recognition except for time and as such are recorded as a deferred inflow of resources under GASB 65. The amount of taxes levied for a subsequent period is as follows:

Primary Government	
General Fund	\$1,573,790
Public Improvement Fund	514,609
Fire Fund	111,186
Subtotal	2,199,585
Fiduciary:	
Pension Trust Fund	290,064
Component Unit:	
DDA Fund	247,734
TOTAL	\$2,737,383

NOTE M – FUND BALANCES – GOVERNMENTAL FUNDS:

Fund balances of the governmental funds are classified as follows:

Non-spendable — amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Manager or the City Council may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of December 31, 2020, fund balances are composed of the following:

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	\$173,192	\$-	\$-	\$-	\$173,192
Corpus	-	-	-	988,983	988,983
Subtotal	173,192	-	-	988,983	1,162,175

NOTE M – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Restricted:					
Transportation Funds	\$-	\$890,065	\$-	\$-	\$890,065
Public Improvement Levy	-	-	349,917	-	349,917
Senior Center Project	-	-	1	-	1
Fire Levy	-	-	-	67,290	67,290
Firefighter Longevity	-	-	-	215,638	215,638
Perpetual Care	-	-	-	218,908	218,908
Cemetery Care	-	-	-	10,177	10,177
Subtotal	-	890,065	349,918	512,013	1,751,996
Committed	-	-	-	-	-
Assigned:					
Garbage Activities	-	249,127	-	-	249,127
Library Improvements	-	-	-	50,708	50,708
Lake Bancroft	-	-	-	5,949	5,949
Welcome baskets	960	-	-	-	960
Subtotal	960	249,127	-	56,657	308,744
Unassigned	736,808	-	-	-	736,808
Total fund balances	\$910,960	\$1,139,192	\$349,918	\$1,557,653	\$3,957,723

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

NOTE N – DEFINED BENEFIT PENSION PLAN:

The following information is based upon the latest available actuarial valuation (as of December 31, 2019).

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description – The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided –

	2019 Valuation		11 – Union/Supervisor: Open Division
	01 – CI & Pub Wks: Open Division	10 – Supervisory: Open Division	
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60	60
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25	50/25
Early Retirement (Reduced):	55/15	55/15	55/15
Final Average Compensation:	3 years	3 years	3 years
COLA for Future Retirees:	2.50% (Non-compound)	2.50% (Non-compound)	2.50% (Non-compound)
Employee Contributions:	5.43%	7.31%	9.70%
Act 88:	Yes (Adopted 2/3/1965)	Yes (Adopted 2/3/1965)	Yes (Adopted 2/3/1965)

Employees covered by benefit terms – At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	42
Inactive employees entitled to but not yet receiving:	4
Active employees:	28
Total	74

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The contribution rates as a percentage of payroll as December 31, 2019 are as follows:

Division	Employer Contribution	Employee Contribution
01 – CI & Pub Wks	50.46%	5.43%
10 – Supervisory	51.39%	7.51%
11 – Union/Supervisor	144.25%	9.70%

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

There were no contributions requirements for closed divisions. The City closed all divisions effective with the December 31, 2020 valuation.

Net Pension Liability – The employer’s Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2019.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.00% in the long term

Investment Rate of Return: 7.35%, net of investment expense, including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

Possible future mortality improvements are reflected in the mortality assumption. The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study. Mortality rates continue to improve for public sector employees.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.0%	5.19%	3.68%
Global Fixed Income	20.0%	0.75%	0.28%
Private Investments	20.0%	1.81%	1.29%
	100.0%	7.75%	5.25%

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

Discount rate – The discount rate used to measure the total pension liability is 7.60% for 2019. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

Changes in Net Pension Liability

Changes in Net Pension Liability	Calculating the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2019	\$17,303,930	\$8,466,328	\$8,837,602
Changes for the Year			
Service Cost	235,763	-	235,763
Interest on Total Pension Liability	1,280,589	-	1,280,589
Changes in benefits	-	-	-
Difference between expected and actual experience	219,561	-	219,561
Change in assumptions	571,248	-	571,248
Employer Contributions	-	808,559	(808,559)
Employee Contributions	-	87,601	(87,601)
Net Investment Income	-	1,064,923	(1,064,923)
Benefit payments, including employee refunds	(1,143,922)	(1,143,922)	-
Administrative expense	(62,771)	(16,882)	(16,882)
Other changes	1,100,468	800,279	300,189
Net Changes	\$16,404,398	\$9,266,607	\$9,137,791
Balances at 12/31/2020			

Net Pension Liability (NPL):
MERS – Primary Government \$9,137,791
Police-Fire – Primary Government (see Note O) 2,144,901
NPL reported in the Statement of Net Position \$11,282,692

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability at 12/31/2020	\$9,137,791	\$9,137,791	\$9,137,791
Change in Net Pension Liability	2,078,823	-	(1,740,550)
Calculated Net Pension Liability	\$11,216,614	\$9,137,791	\$7,397,241

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended 2020 the employer recognized pension expense of \$333,911. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$249,804	\$-
Difference in assumptions	383,283	(2,451)
Excess (Deficit) Investment Returns	-	(291,345)
Total	\$633,087	(\$293,796)

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

Plan (Fiscal) Year Ended	Amount
December 31, 2020 (2021)	\$309,355
2021 (2022)	287,455
2022 (2023)	(171,212)
2023 (2024)	(86,307)
2024 (2025)	-
Thereafter	-
Total	\$339,291

NOTE N – DEFINED BENEFIT PENSION PLAN (Continued):

A reconciliation of deferred amounts related to pension reported on the Statement of Net Position for all pension plans is as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
MERS – Primary Government	\$633,087	(\$293,796)
Police-Fire – Primary Government (see Note P)	-	(124,687)
Total	\$633,087	(\$418,483)

Contributions subsequent to the measurement date:
Police-Fire – Primary Government (see Note P) \$257,009

Payable to the Pension Plan

At December 31, 2020, there was a reported payable of \$65,777 for the outstanding amount of contributions to the pension plan.

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN:

General Information about the Pension Plan

Plan Description – The City of Ishpeming is the administrator of a single-employer public employee retirement system that covers all Police and Fire Department employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries. Management of the System is vested in City of Ishpeming ACT 345 Police-Fire Pension Board of the City of Ishpeming, Michigan Policemen and Firemen Retirement System, which consist of five members: two that are elected (two representing police employees), two that are appointed by the City Council of the City of Ishpeming and one that is the Treasurer of the City of Ishpeming.

Benefits Provided:

	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (plus 1% for years in excess of 25 years)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	Not applicable
Average Final Compensation (AFC):	3 years
COLA for Future Retirees:	None
Employee Contributions:	5.00%
Non-duty Disability:	To age 55: 1.5% multiple At age 55: same as above
Duty Disability:	To age 55: 50% AFC At age 55: same as above w/ service credit from date of disability to age 55.

Employees covered by benefit terms – At the December 31, 2019 valuation date, the latest actuarial valuation date, the following employees were covered by the benefit terms:

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Inactive employees or beneficiaries currently receiving benefits:	20
Inactive employees entitled to but not yet receiving:	4
Active employees:	9
Total	<u>33</u>

Contributions – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 5% of gross wages.

The contribution rates as a percentage of payroll as December 31, 2019 are as follows: employer 42.16% and employee 5.00%.

There were no contributions requirements for closed divisions.

Net Pension Liability – The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.5%

Salary Increases: 3.5% in the long-term

Investment rate of return: 7.0%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.5% long-term wage inflation assumption would be consistent with a price inflation of 2.75%.

Mortality rates used were based on the RP-2014 Employee Mortality Tables, RP-2014 Healthy Annuitant Mortality Table, and RP-2014 Disabled Mortality Tables adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements using scale MP-2015 was used. Additional margin for future mortality improvements are included in the projection scale..

Disability rates: It is assumed that 20% of disabilities before retirement are duty related. These rates were first used for the December 31, 1985 valuation.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2003.

Long-Term Expected Return on Plan Assets – The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations were estimated based on the asset allocation provided by the client as of December 31, 2019.

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Best estimates of arithmetic real rates of return were approximated using expected returns from twelve investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.61%	0.01%
Domestic Equity – Large Cap	24.67%	1.24%
Domestic Equity – Small Cap	24.67%	1.42%
International Equity	10.57%	0.70%
Emerging Markets	10.57%	0.95%
Domestic Corporate Fixed Income	17.28%	0.28%
Domestic Government Fixed Income	8.64%	0.09%
Treasury Inflation Protected Securities	0.00%	0.00%
High Yield Bonds	0.00%	0.00%
Real Estate	1.99%	0.09%
Private Equity	0.00%	0.00%
Hedge Funds	0.00%	0.00%
Other Alternatives	0.00%	0.00%
TOTAL	100.00%	

Deposits and Investments – Michigan statute (Act 314, PA 1965, as amended) authorizes the System to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds. The City of Ishpeming ACT 345 Police-Fire Pension Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the City of Ishpeming ACT 345 Police-Fire Pension Board.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value, which is determined by the System custodian in consultation with the System's investment managers. When sold, the cost of common stock sold is determined on the average cost method. Realized and unrealized gains or losses are reflected in revenues.

Concentration of Investments – The fair value of individual investments that represent 5.0% or more of the Plan's net position is as follows:

IShares Core S&P 500	1,499,000.00 units	\$562,710
Schwab US Large CAP	4,433,000.00 units	569,242
Dodge & Cox Income Fund	38,582,207.00 units	565,229
Doubleline Core Fixed	49,568,507.00 units	561,115
JOHcm Gbl Eqty Fd Cl I	18,539,424.00 units	561,003
Pimco Rae International	56,868,228.00 units	565,839
Pimco Rae US Instl	42,167,901.00 units	492,598

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits); and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index); and the resulting single discount rate is 7.00%.

Changes in Net Pension Liability

Changes in Net Pension Liability	Calculating the Net Pension Liability	
	Total Pension Liability (a)	Net Pension Liability (a) – (b)
Balances at 12/31/2018	\$6,688,702	\$3,995,161
Changes for the Year		
Service Cost	107,651	-
Interest on Total Pension Liability	454,476	-
Changes in benefits	-	-
Difference between expected and actual experience	(122,404)	-
Change in assumptions	-	-
Employer Contributions	-	229,122
Employee Contributions	-	24,114
Net Investment Income	-	753,628
Benefit payments, including employee refunds	(500,023)	(500,023)
Administrative expense	-	(18,501)
Other changes	-	-
Net Changes	(60,300)	488,340
Balances at 12/31/2019	\$6,628,402	\$4,483,501
		\$2,144,901

Note: Based on December 31, 2019 actuarial valuation, the most recent actuarial report available.

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability at 12/31/2019	\$2,144,901	\$2,144,901	\$2,144,901
Change in Net Pension Liability	763,725	-	(636,414)
Calculated Net Pension Liability	\$2,908,626	\$2,144,901	\$1,508,487

NOTE O – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended 2020 the employer recognized pension expense of (\$87,423). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$-	(\$85,703)
Difference in assumptions	-	-
Excess (Deficit) Investment Returns	-	(38,984)
Contributions subsequent to the measurement date*	257,009	(\$124,687)
	<u>\$257,009</u>	

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the plan year ending 2020.

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

Plan (Fiscal) Year Ended December 31,	Amount
2020 (2021)	(\$5,896)
2021 (2022)	(35,560)
2022 (2023)	18,698
2023 (2024)	(101,929)
2024 (2025)	-
Thereafter	-
Total	<u>(\$124,687)</u>

Payable to the Pension Plan – At December 31, 2020, there was a reported payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

NOTE P – NET PENSION LIABILITY OF THE CITY (UNDER GASB 67):

The components of the City's net pension liability for the Policemen and Firemen Retirement System at December 31, 2020, are as follows:

Total pension liability	\$6,628,402 *
Plan fiduciary net position	<u>4,483,501 *</u>
City's net pension liability	<u>\$2,144,901 *</u>
Plan fiduciary net position as a percentage of the total pension liability	67.64% *

*As of December 31, 2019, the most recent actuarial report available.

NOTE Q – DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is available to all City employees, and it permits them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency. The amounts deferred under the plan are held in a trust for the exclusive benefit of plan participants and their beneficiaries.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the City's general creditors. However, the Plan continues to be presented in these financial statements, as the City retains a fiduciary duty of care over the Plan. In the past, the plan assets have been used for no purpose other than to pay benefits and administrative costs.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the City has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The plan is administered by the Nationwide Retirement Solutions, which agrees to hold harmless and indemnify the City, its appointed and elected officers and participating employees from any loss resulting from it or its agents' failure to perform their duties and services pursuant to the Nationwide Retirement Solutions program.

NOTE R – OTHER POST-EMPLOYMENT BENEFITS:

The City has a defined contribution Post Employment Health Plan (PEHP) administered by Nationwide Retirement Solutions. The purpose of the PEHP plan is to provide reimbursement of qualifying health care and medical insurance premium expenses upon separation from employment for employees covered by collective bargaining agreements.

Terms for eligibility and contribution rates are specified in the City's various collective bargaining agreements. Individual employee accounts consist of employer contributions and investment returns. The Plan does not have any vesting requirements; therefore, employees are immediately vested. Employee contributions range from \$28 to \$32 per pay period, respectively, based on union contracts. The City matches employee contributions to the Plan. For the year ended December 31, 2020, the City's contributions totaled approximately \$30,958.

NOTE S – PROPERTY TAXES:

The City of Ishpeming levied 13.1795 mills for the General Fund, 4.3930 mills for the Public Improvement Fund, 0.8822 mills for Fire Equipment, and 2.4762 mills for the Policemen and Firemen Retirement Fund for calendar year 2020. The millage rate is based on each \$1,000.00 of property assessed valuation and the current Taxable Value of the City is \$125,901,216.

NOTE T – IRON ORE HERITAGE RECREATION AUTHORITY:

In November 2008, the City of Ishpeming, Michigan joined with other municipalities to create the Iron Ore Heritage Recreation Authority. The Authority was created pursuant to Act 321 of 2000 (the "Recreation Authorities Act") to acquire, construct, operate, maintain or improve a public park for recreational purposes, specifically limited to a permanent, year-round signed and surfaced trail system open to the public, to provide amenities along the trail, to encourage tourism development along the trail system, to encourage municipalities to tie compatible links into the trail system allowing for greater access to businesses, parks and schools and to conduct other activities permitted under Act 321 of 2000.

NOTE T – IRON ORE HERITAGE RECREATION AUTHORITY (Continued):

The authority is governed by a Board of Directors consisting of an odd number of members, with one (1) member to be appointed by the legislative body of each participating municipality. All Authority decisions must be passed by a majority of the members of the Board.

The Board shall obtain an annual audit of the Authority. A summary of financial information from the separately audited financial statements of the Authority for the year ended December 31, 2020 is as follows:

Assets	\$3,371,591
Deferred Outflows of Resources	-
Liabilities	19,364
Deferred Inflows of Resources	347,674
Net Position	3,004,553
Operating Revenues	670,424
Operating Expenses	782,212
Increase (decrease) in net position	(111,788)

NOTE U – JOINT VENTURES:

Ishpeming Area Joint Wastewater Treatment Facility

The City of Ishpeming and the Township of Ishpeming entered into an agreement on December 10, 1981 for the purpose of creating the Ishpeming Area Joint Wastewater Treatment Board (Board). The Facility shall design, construct, operate and maintain a joint wastewater treatment plant and related facilities. Unless otherwise agreed by the City and Township, the Board shall not levy or assess user charges, sewer rates, or fees directly against individual users of the wastewater treatment plant, but shall instead be reimbursed by contract payments from the City and Township.

The City and Township shall be responsible for collecting user charges, sewer rates, fees, penalties and the like from their respective residents and users of the system.

The City utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

A summary of condensed financial information of the Facility, in the aggregate, as of December 31, 2020, is as follows:

Assets	\$6,389,140
Deferred Outflows of Resources	97,864
Liabilities	135,642
Deferred Inflows of Resources	92,404
Equity - All local units	6,258,958
Operating Revenues	1,246,377
Operating Expenses	1,527,185
Other Income	297,633
Increase (decrease) in net position	16,825
City's Share of Net Income (loss)	113,910

NOTE U – JOINT VENTURES (Continued):

Marquette County Solid Waste Management Authority
In February 1990, the City of Ishpeming joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The City's share of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund equity is 10.16 percent. Summary financial information as of and for the fiscal year ended June 30, 2020 is as follows:

Assets	\$18,460,076
Deferred Outflows of Resources	148,260
Liabilities	8,294,563
Deferred Inflows of Resources	131,727
Net Position	10,182,046
Operating Revenues	3,803,185
Operating Expenses	3,854,521
Non-operating Revenues (Expenses)	227,972
Net Income (Loss)	176,636

Negaunee - Ishpeming Water Authority Board

The City of Ishpeming and the City of Negaunee entered into an intergovernmental agreement dated January 7, 1988, and amended on July 31, 1991, for the purpose of creating the Negaunee-Ishpeming Water Authority Board (Board), a corporate public body. The Board is to design, construct, own, operate and maintain a joint municipal water supply system and related facility. As part of the agreement, the City paid 50% of the preliminary engineering, design engineering, and bidding costs, and 60% of the capital costs.

On January 11, 1993, the County of Marquette issued Ishpeming/Negaunee Water Supply System Bonds – 1992 Issue of \$4,660,000 for the purpose of constructing a Water Plant and establishing a new water source for the City of Ishpeming and the City of Negaunee. Under the contract the City of Negaunee is obligated to pay \$2,860,000 over the next 20 years with interest rates ranging from 4.00% to 6.90% and the City of Ishpeming is obligated to pay \$1,800,000 over the next 10 years with interest rates ranging from 4.00% to 6.10%. The City of Ishpeming has fulfilled its obligation as of December 31, 2004.

NOTE U – JOINT VENTURES (Continued):

The total cost of construction of the project was approximately \$7,000,000. The funding sources, in addition to the bond offering, consist of a \$1,000,000 U.S. Economic Development Administration Grant; a \$500,000 Michigan Community Development Block Grant; and \$840,000 in local funds.

A summary of the audited financial statements of the Board as of and for the year ended December 31, 2018 (the most recent report available) is as follows:

Total Assets	\$2,312,660
Total Liabilities	26,192
Total Net Position	2,286,468
Total Operating Revenues	615,271
Total Operating Expenses	680,780
Other Revenues and (Expenses)	9,752
Change in Net Position	(55,757)

The balance of the investment in Board for the year ended December 31, 2020 of \$3,507,323 represents the City's net investment in the Board.

NOTE V – CONTINGENT LIABILITIES:

Risk Management – The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The City joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The City is unable to provide an estimate of the amounts of additional assessments that may be required to make the pool self-sustaining.

Grant Assistance – The City has received significant assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the City.

NOTE W – TAX ABATEMENTS:

The City receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield exemptions, Neighborhood Enterprise Zone (NEZ) exemptions, Obsolete Property Rehabilitation Act (OPRA) exemptions, and Eligible Manufacturing Personal Property (EMPP) exemptions granted by other governmental agencies within the City in accordance with State laws. These tax exemptions are intended to promote economic development and/or growth within the issuing government's jurisdiction.

NOTE W – TAX ABATEMENTS (Continued):

For purposes of disclosure under GASB 77, the City discloses tax abatements by issuing government and type greater than \$5,000 in the aggregate. For the fiscal year ended December 31, 2020, there were no other significant tax abatements made by the City or any other governmental unit within the City.

NOTE X – SINGLE AUDIT:

During the year ended December 31, 2020, the Federal aid received and expended by the City was \$1,341,680. This is greater than the single audit threshold of \$750,000; therefore, the City is subject to a single audit under the Uniform Guidance.

NOTE Y – NEW GASB STANDARDS:

Management of the City has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the City by management are described below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

None.

Other Recently Issued Accounting Pronouncements

In August 2018, the GASB issued Statement No. 90, Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61. The statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment as defined by GASB 72, Fair Value Measurement and Application (paragraph 64). A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City does not have any majority equity interests in legally separate organizations that meet the definition of GASB 90; therefore GASB 90 is not applicable to the City.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS:

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

GASB 87: Leases

Originally effective for fiscal years beginning after December 15, 2019; postponed by GASB 95 to fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89: Accounting for Interest Cost Incurred before the end of a Construction Period

Originally effective for fiscal years beginning after December 15, 2019; postponed by GASB 95 to fiscal years beginning after December 15, 2020 (City's fiscal year 2021)

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus.

GASB 91: Conduit Debt Obligations

Originally effective for fiscal years beginning after December 15, 2020; postponed by GASB 95 to fiscal years beginning after December 15, 2021 (City's fiscal year 2022)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for account and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a party bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

GASB 92: Omnibus 2020

Originally effective for fiscal years beginning after June 15, 2020; postponed by GASB 95 to fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

This Statement enhances comparability of accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

GASB 93: Replacement of Interbank Offered Rates

Originally effective for fiscal years beginning after June 15, 2019; postponed by GASB 95 to fiscal years beginning after June 15, 2020 (City's fiscal year 2021)

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing the fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedge item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedge expected transactions is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements Effective for fiscal years beginning after June 15, 2022 (City's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

Under this Statement, a PPP is defined as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Under this Statement a PPP meets the definition of a service concession arrangement (SCA) if: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB 95: Postponement of the Effective Dates of Certain Authoritative Guidance Effective for fiscal years beginning after June 15, 2018 (City's fiscal year 2019 and after)

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The City chose to implement GASB No. 84 and GASB No. 88 according to their original implementation dates (December 31, 2019) and to postpone implementation of GASB No. 90 by one year to the current year (see Note Y).

GASB 96: Subscription-Based Information Technology Arrangements

Effective for fiscal years beginning after June 15, 2022 (City's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 Effective for fiscal years beginning after June 15, 2021 (City's fiscal year 2022)

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

NOTE Z – UPCOMING CHANGES IN ACCOUNTING STANDARDS (Continued):

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

NOTE AA – UNRESTRICTED NET POSITION DEFICIT:

In accordance with Public Act 140 of 1970, the City is required to file a deficit elimination plan for all funds that have a deficit at the end of the fiscal year. As of December 31, 2020, the City had an unrestricted net position deficit in the Water Fund totaling \$339,726.

For purposes of determining if a fund is in a deficit position, the Michigan Department of Treasury's Local Audit and Finance Division issued Numbered Letter 2016-1. For governmental funds, "unrestricted fund balance" is the sum of the Committed, Assigned, and Unassigned balances.

For proprietary funds, fiduciary funds, and discretely presented component units the Department of Treasury created a deficit test for determining if a fund is in a deficit position and the deficit amount for which a deficit elimination plan must be submitted. The test is summarized as below:

Step 1: Does the "unrestricted net position" or "total net position" have a deficit? If both are "no", no plan is necessary. If one is "yes", is the "deferred inflows of resources minus taxes and special assessments receivable" greater than either deficit? If "yes", no plan is necessary. If "no", proceed to Step 2.

Step 2: Calculated current assets minus current liabilities. For this calculation, current liabilities should not include the current portion of long-term obligations. If the answer is positive, no plan is necessary. If the answer is negative, proceed to Step 3.

Step 3: Compare A) the larger deficit between the "unrestricted net position" and the "total net position", and B) current assets minus current liabilities.

Step 4: Submit a plan to eliminate the smaller deficit between A and B.

The results of performing the deficit test revealed the Water Fund is not required to file a deficit elimination plan with the Department of Treasury as current assets minus current liabilities is positive.

NOTE AB – SUBSEQUENT EVENTS:

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in the temporary reduction of operating hours for many local units of government as well as temporary local government closures that were mandated. As the country is in the midst of recovery from the pandemic there have been promises of stimulus monies to be distributed to individuals, local and state governments, as well as increased funding to federal agencies.

At the current time, we are unable to quantify the potential effects of the various recovery plans from the pandemic may have on our future financial statements.

NOTE AB – SUBSEQUENT EVENTS (Continued):

Refunding Bonds

The City is currently in the process of reviewing outstanding debt available for refunding in order to take advantage of lower interest rates. The bonds available for refunding include: 2011 Capital Improvement Bonds, 2002 Building Authority Bonds, and the 2000 Building Authority Bonds.

The City is set to close on the bonds June 22, 2021 in the amount of \$2,030,000 related to the refunding bonds being sold at a premium of \$98,961 for total proceeds of \$2,128,961.

Pension Obligation Bonds

Under Public Act 202 of 2017 a local unit of government is required to file with the Michigan Department of Treasury a corrective action plan if the local unit's funding status is determined to be underfunded as determine by Section 5 of the Act and the local unit does not have a waiver under Section 6 of the Act. For fiscal year 2019 the City's MERS plan met the definition of being underfunded and has made efforts to reduce its pension liability by closing the plan to new hires effective January 1, 2020; however, the effects of these changes were determined to be insufficient to offset the steady increase of the City's required annual contributions to the pension plan.

The City is currently in the process of issuing Pension Obligation Bonds to remove the City from the "underfunded" status for Public Act 202 of 2017. The City will also receive the benefit of more uniform debt service payments versus the ever-changing actuarial determined contribution which is anticipated to continue to see high increases as the actuarial assumptions and discount rates continue to change.

The bonds cannot exceed the difference between 95% of the actuarial value of liabilities and 100% of the actuarial or market value of assets. The City intends to issue bonds not to exceed \$12,000,000 and to close on the bonds in August 2021.

Litigation

In January 2021, a personal injury case was filed against the City. The City's liability insurance is covering the legal fees related to the case. Currently the case is in the process of discovery; as such, there is no estimated liability for a potential claim recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

(Ultimately 10 years will be displayed)

	Plan Year Ending December 31				
	2020	2019	2018	2017	2016
Change in total pension liability					
Service cost	\$ 235,763	\$ 208,452	\$ 202,632	\$ 200,575	\$ 183,436
Interest	1,280,589	1,303,816	1,269,953	1,209,026	1,177,043
Change in benefit terms	-	(136)	(24)	(131)	-
Differences between expected and actual experience	219,561	278,635	42,208	426,449	(240,242)
Changes in assumptions	571,246	-	-	-	605,071
Refund of contributions	(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(989,793)
Other	(62,771)	(110,789)	83,985	(11,304)	(86,136)
Net change in total pension liability	1,100,468	840,912	433,065	610,210	889,379
Total pension liability, beginning of year	17,303,930	16,763,016	16,329,953	15,519,743	14,860,364
Total pension liability, end of year	(a) 18,404,398	17,303,930	16,763,016	16,329,953	15,519,743
Change in plan fiduciary net position					
Contributions – employer	808,559	825,950	601,641	585,638	537,665
Contributions – member	87,601	99,950	81,803	81,314	141,948
Net investment income	1,064,323	1,029,601	(316,566)	1,019,969	822,986
Administrative expenses	(1,143,322)	(1,140,064)	(1,163,689)	(1,014,405)	(989,793)
Administrative expense	(16,882)	(17,706)	(16,112)	(16,175)	(16,241)
Other	-	-	2	-	-
Net change in plan fiduciary net position	800,279	796,931	(812,943)	636,341	516,577
Plan fiduciary net position, beginning of year	8,466,328	7,669,397	8,482,340	7,845,799	7,329,222
Plan fiduciary net position, end of year	(b) 9,266,607	8,466,328	7,669,397	8,482,340	7,845,799
City's net pension liability, end of year	(a)-(b) \$ 9,137,791	\$ 8,837,602	\$ 9,093,621	\$ 7,847,613	\$ 7,673,944
Plan fiduciary net position as a percentage of the total pension liability	50.35%	48.93%	45.75%	51.94%	50.55%
Covered-employee payroll	\$ 1,492,241	\$ 1,331,729	\$ 1,312,420	\$ 1,266,057	\$ 1,229,890
City's net pension liability as a percentage of covered payroll	612.35%	663.62%	692.89%	626.50%	623.95%

Notes to schedule:

Benefit Changes:

Changes of Assumptions:

Above data are based on measurement date, which may not necessarily tie to the fiscal year

2020 - The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

2019 - Investment rate of return lowered from 8.0% to 7.75%.

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displayed)

	2015	Plan Year Ending December 31,
Change in total pension liability		
Service cost	\$ 176,348	
Interest	1,111,444	
Change in benefit terms	-	
Differences between expected and actual experience	-	
Changes in assumptions	-	
Refunds of member contributions	(896,652)	
Other	16,018	
Net change in total pension liability	407,158	
Total pension liability, beginning of year	14,253,206	
Total pension liability, end of year	14,660,364	
Change in plan fiduciary net position		
Contributions - employer	474,475	
Contributions - member	73,403	
Net investment income	(113,756)	
Administrative expenses	(896,652)	
Refunds of member contributions	(16,811)	
Administrative expense		
Net change in plan fiduciary net position	(479,543)	
Plan fiduciary net position, beginning of year	7,898,565	
Plan fiduciary net position, end of year	7,419,022	
Plan fiduciary net position, end of year (a)(b)	\$ 7,331,142	
City's net pension liability, end of year		
Plan fiduciary net position as a percentage of the total pension liability	49.89%	
Covered-employee payroll	\$ 1,195,774	
City's net pension liability as a percentage of covered payroll	613.09%	

Notes to schedule:
Benefit Changes:
Changes of Assumptions:
NONE
NONE

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2020 - The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35% effective with the December 31, 2019 valuation, first impacting 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

2016 - Investment rate of return lowered from 8.0% to 7.75%.

City of Ishpeming, Michigan
MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION
SCHEDULE OF CONTRIBUTIONS
(Ultimately 10 years will be displayed)

Fiscal Year Ending December 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2015	\$ 474,475	\$ 474,475	\$ -	\$ 1,195,774	39.68%
2016	537,665	537,665	-	1,229,890	43.72%
2017	565,838	565,838	-	1,296,057	43.66%
2018	601,641	601,641	-	1,312,420	45.84%
2019	774,794	825,950	(51,156)	1,331,729	62.02%
2020	808,559	808,559	-	1,492,241	54.18%

City of Ishpeming, Michigan
POLICE AND FIRE RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displaced)

	Plan Year Ending December 31			
	2020	2019	2018	2017
Change in total pension liability				
Service cost	Not Available	\$ 107,651	\$ 108,789	\$ 106,350
Interest	Not Available	454,476	450,415	440,259
Change in benefit terms	Not Available	-	-	-
Differences between expected and actual experience	Not Available	(122,404)	(7,962)	68,626
Changes in assumptions	Not Available	-	-	-
Benefit payments, including refunds on contributions	Not Available	(500,023)	(486,201)	(457,439)
Other changes	Not Available	(60,300)	65,945	157,796
Net change in total pension liability	-	6,628,402	6,622,757	6,454,961
Total pension liability, beginning of year	6,628,402	6,689,702	6,688,702	6,622,757
Total pension liability, end of year	6,628,402	6,628,402	6,688,702	6,464,961
Change in plan fiduciary net position				
Contributions – employer	257,009	228,122	178,625	163,460
Contributions – member	28,275	24,114	24,981	24,927
Net investment income	630,413	753,628	(405,269)	561,745
Realized and unrealized gains/losses on investments	(482,717)	(500,023)	(485,201)	(457,439)
Net change in member contributions	(43,884)	(18,501)	(19,633)	(11,797)
Administrative expenses	-	-	-	-
Other changes	409,096	488,340	(706,526)	280,926
Net change in plan fiduciary net position	4,483,501	3,995,161	4,701,607	4,420,054
Plan fiduciary net position, beginning of year	4,892,597	4,483,501	3,995,161	4,701,607
Plan fiduciary net position, end of year	4,892,597	4,483,501	3,995,161	4,701,607
City's net pension liability, end of year	6,628,402	6,628,402	6,688,702	6,464,961
Plan fiduciary net position as a percentage of the total pension liability	73.61%	67.64%	59.73%	70.99%
Covered-employee payroll	Not Available	\$ 515,441	\$ 486,037	\$ 475,982
City's net pension liability as a percentage of covered payroll	Not Available	416.13%	554.10%	404.11%
*Actuarial information not available				
Notes to Schedules:				
<i>Benefit Changes:</i>	Not Available	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	Not Available	NONE	NONE	NONE

City's net pension liability is based on most recent actuarial valuation date, December 31, 2019.

City of Ishpeming, Michigan
POLICE AND FIRE RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Ultimately 10 years will be displaced)

	Plan Year Ending December 31			
	2015	2014	2013	2012
Change in total pension liability				
Service cost	\$ 111,812	\$ 114,128	\$ 114,128	\$ 114,128
Interest	438,498	-	477,261	-
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	(157,160)	(333,359)	(387,579)	(387,579)
Changes in assumptions	(56,392)	(387,579)	(387,579)	(387,579)
Benefit payments, including refunds on contributions	(415,168)	(430,902)	(430,902)	(430,902)
Other changes	(78,405)	(860,451)	-	-
Net change in total pension liability	6,415,944	6,276,395	6,415,944	6,415,944
Total pension liability, beginning of year	6,415,944	6,276,395	6,415,944	6,415,944
Total pension liability, end of year	6,337,539	6,415,944	6,415,944	6,415,944
Change in plan fiduciary net position				
Contributions – employer	199,322	201,791	22,745	22,745
Contributions – member	23,844	22,745	101,472	101,472
Net investment income	(187,393)	101,472	101,472	101,472
Realized and unrealized gains/losses on investments	(415,168)	(430,902)	(430,902)	(430,902)
Net change in member contributions	(42,223)	(39,761)	(39,761)	(39,761)
Administrative expenses	-	-	-	-
Other changes	(422,117)	(144,655)	-	-
Net change in plan fiduciary net position	4,846,171	4,892,626	4,846,171	4,846,171
Plan fiduciary net position, beginning of year	4,846,171	4,892,626	4,846,171	4,846,171
Plan fiduciary net position, end of year	4,846,171	4,892,626	4,846,171	4,846,171
City's net pension liability, end of year	6,337,539	6,415,944	6,415,944	6,415,944
Plan fiduciary net position as a percentage of the total pension liability	69.84%	75.56%	75.56%	75.56%
Covered-employee payroll	\$ 449,896	\$ 462,485	\$ 462,485	\$ 462,485
City's net pension liability as a percentage of covered payroll	416.54%	338.99%	338.99%	338.99%
*Actuarial information not available				
Notes to Schedules:				
<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	NONE	NONE	NONE	NONE

City of Ishpeming, Michigan

POLICE AND FIRE RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2011	\$ 160,724	\$ 160,724	\$ -	\$ 407,599	39.43%
2012	149,207	149,207	-	475,834	31.36%
2013	158,948	158,948	-	487,529	32.60%
2014	197,820	201,791	(3,971)	462,485	43.63%
2015	192,780	199,322	(6,542)	458,896	43.44%
2016	181,160	188,906	(7,746)	424,035	44.55%
2017	171,768	163,490	8,268	475,382	34.39%
2018	178,606	178,625	(19)	486,037	36.75%
2019	214,696	229,122	(14,426)	515,441	44.45%
2020	243,719	257,010	(13,291)	589,469	43.60%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: December 31, 2018
Notes: None

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 2.75% price inflation
Salary Increases	3.5% to 7.3% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience - based table of rates that are specific to the type of eligible condition. Last updated for the 2003 valuation.
Mortality	Pre-Retirement: RP-2014 Employee Mortality Tables Healthy Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables Disabled Retirement: RP-2014 Disabled Mortality Tables

Tables described above were adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements using scale MP-2015 was used. Additional margin for future mortality improvements are included in the projection scale.

Other Information:

Notes
There were no benefit changes during the year.
Beginning with valuation date December 31, 2015 assumed wage inflation reduced from 4.5% to 3.5%.

City of Ishpeming, Michigan

POLICE AND FIRE RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF INVESTMENT RETURNS
(Ultimately 10 years will be displayed)

Plan Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
December 31, 2014	6.70%
2015	3.70%
2016	5.10%
2017	5.00%
2018	0.80%
2019	3.60%
2020	Not Available

City of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The function of the GENERAL FUND is to record all revenues and expenditures of the City which are not accounted for in other funds. The General Fund receives revenue from many sources which are used to finance a wide range of City activities.

The major activities financed by the General Fund are Legislative, Fire and Police Protection, Public Works, Parks and Recreation, City Administration and most public services.

SPECIAL REVENUE FUNDS

The function of the Special Revenue Funds is to record revenues and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions. The MAJOR STREET FUND, LOCAL STREET FUND, and GARBAGE & RUBBISH FUND are Major Special Revenue Fund types.

City of Ishpeming, Michigan
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original Budget	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	2019
REVENUES:					
Taxes	\$ 1,612,084	\$ 1,617,457	\$ 1,621,636	\$ 4,179	\$ 1,596,500
Federal sources	-	120,242	120,242	-	27,287
State sources	883,450	847,787	858,101	10,314	910,665
Licenses and permits	174,900	149,100	155,489	6,389	170,973
Service charges	91,350	79,629	83,656	4,027	88,597
Interest income and rentals	6,500	4,000	4,886	886	10,746
Contributions	5,000	-	-	-	6,882
Fines and forfeitures	52,930	44,491	45,912	5,421	48,750
Other revenues	12,000	87,164	97,165	10,001	61,838
TOTAL REVENUES	2,838,214	2,949,870	2,991,087	41,217	2,922,238
EXPENDITURES:					
Current Operations:					
Legislative	15,950	15,190	13,714	1,476	30,206
General government	1,364,938	1,271,352	1,237,616	33,736	1,294,343
Public safety	883,514	1,048,215	1,010,394	37,821	840,553
Public works	322,700	370,666	308,421	64,245	377,957
Community and economic development	34,750	46,441	45,642	799	30,387
Recreation and culture	362,647	389,807	369,101	20,706	347,304
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	2,984,499	3,141,871	2,982,888	158,783	2,920,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,285)	(191,801)	8,199	200,000	1,488
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	12,200	98,400	12,200	(86,200)	7,056
Transfers (out)	(9,000)	(71,190)	(7,189)	1	(4,628)
TOTAL OTHER FINANCING SOURCES (USES)	3,200	91,210	5,011	(86,199)	2,428
CHANGE IN FUND BALANCE	(143,085)	(100,591)	13,210	113,801	3,916
Fund balance, beginning of year	897,750	897,750	897,750	-	893,834
FUND BALANCE, END OF YEAR	\$ 754,665	\$ 797,159	\$ 910,960	\$ 113,801	\$ 897,750

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original	Final	Actual		Final Budget
	Budget	Budget	GAAP		Positive
			Basis		(Negative)
REVENUES:					
Federal sources	-	-	\$	-	\$
State sources	716,500	772,392	754,670	-	(17,722)
Interest income and rentals	250	250	1,203	953	952
Other revenue	-	-	-	-	98
TOTAL REVENUES	716,750	772,642	755,873	(16,769)	788,619
EXPENDITURES:					
Public Works:					
Construction	-	-	-	-	-
Routine maintenance	73,100	66,710	65,543	1,167	89,062
Traffic service	17,800	13,400	9,689	3,711	12,599
Winter maintenance	385,000	375,980	247,124	128,856	487,946
Administration	41,500	44,160	40,287	3,873	38,679
State trunkline	60,155	64,325	34,010	30,315	63,878
Total Public Works	577,555	564,575	396,653	167,922	692,164
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	577,555	564,575	396,653	167,922	692,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	139,195	208,067	359,220	151,153	96,455
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	139,195	208,067	359,220	151,153	96,455
Fund balance, beginning of year	398,929	398,929	398,929	-	302,474
FUND BALANCE, END OF YEAR	\$ 538,124	\$ 606,996	\$ 758,149	\$ 151,153	\$ 398,929

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020				Variance with
	Original	Final	Actual		Final Budget
	Budget	Budget	GAAP		Positive
			Basis		(Negative)
REVENUES:					
Federal sources	-	-	\$	-	\$
State sources	335,500	335,038	332,140	(2,888)	339,689
Interest income and rentals	300	300	216	(84)	926
Other revenue	-	-	-	-	-
TOTAL REVENUES	335,800	335,338	332,356	(2,982)	340,615
EXPENDITURES:					
Public Works:					
Construction	-	-	-	-	-
Routine maintenance	50,200	94,775	94,245	530	30,458
Traffic service	15,900	12,050	8,066	3,984	6,336
Winter maintenance	234,500	383,020	347,909	45,111	315,464
Administration	15,000	20,150	17,573	2,577	18,853
Total Public Works	315,600	519,995	467,813	52,182	371,111
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	315,600	519,995	467,813	52,182	371,111
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,200	(184,657)	(135,457)	49,200	(30,496)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	20,200	(184,657)	(135,457)	49,200	(30,496)
Fund balance, beginning of year	267,373	267,373	267,373	-	297,869
FUND BALANCE, END OF YEAR	\$ 287,573	\$ 82,716	\$ 131,916	\$ 49,200	\$ 267,373

City of Ishpeming, Michigan
MAJOR SPECIAL REVENUE FUNDS
GARBAGE & RUBBISH FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2020

With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget	GAAP	Positive
			Basis	(Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	765,490	736,065	828,067	92,022
Interest income and rentals	400	500	440	(60)
Contributions	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	765,890	736,565	828,527	91,962
				717,912
EXPENDITURES:				
Current Operations:				
Public Works	756,400	796,380	790,360	6,020
TOTAL EXPENDITURES	756,400	796,380	790,360	6,020
				735,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,490	(59,815)	38,167	97,982
				(18,084)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
				-
CHANGE IN FUND BALANCE	9,490	(59,815)	38,167	97,982
				(18,084)
Fund balance, beginning of year	210,960	210,960	210,960	-
				229,044
FUND BALANCE, END OF YEAR	\$ 220,450	\$ 151,145	\$ 249,127	\$ 97,982
				\$ 210,960

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FORM OF APPROVING OPINION OF BOND COUNSEL

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MEXICO
POLAND
QATAR

FORM OF APPROVING OPINION

City of Ishpeming
County of Marquette
State of Michigan

We have acted as bond counsel to the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), in connection with the issuance by the Issuer of bonds in the principal sum of \$9,125,000, designated Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of October 19, 2021, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.
3. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. The Bonds and interest thereon and income from the Bonds are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan. We express no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

City of Ishpeming

-2-

FORM OF APPROVING OPINION

of interest on, the Bonds. Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax opinions herein were not intended to be used, and cannot be used, for the purpose of avoiding taxpayer penalties. These opinions were written to support the promotion or marketing of the Bonds.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By _____

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”), in connection with the issuance of its Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2021, the following information:

(1) Certain annual financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”)

appearing in the tables or under the headings in the Official Statement as described below:

- a. Property Valuations - History of Valuations;
- b. Major Taxpayers;
- c. Tax Rates (Per \$1,000 of Valuation);
- d. Tax Rate Limitations;
- e. Tax Levies and Collections;
- f. Revenues from the State of Michigan;
- g. Pension Fund;
- h. Debt Statement – Direct Debt; and
- i. Legal Debt Margin.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the Issuer or related public entities.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial

- difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees

that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

CITY OF ISHPEMING
COUNTY OF MARQUETTE
State of Michigan

By _____
Craig Cugini
Its: City Manager

Dated: October 19, 2021

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SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”), in connection with the issuance of its Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2021, the following information:

(1) Certain annual financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”)

appearing in the tables or under the headings in the Official Statement as described below:

- a. Property Valuations - History of Valuations;
- b. Major Taxpayers;
- c. Tax Rates (Per \$1,000 of Valuation);
- d. Tax Rate Limitations;
- e. Tax Levies and Collections;
- f. Revenues from the State of Michigan;
- g. Pension Fund;
- h. Debt Statement – Direct Debt; and
- i. Legal Debt Margin.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the Issuer or related public entities.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial

- difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) modifications to rights of holders of the Bonds, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
 - (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
 - (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- (e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees

that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

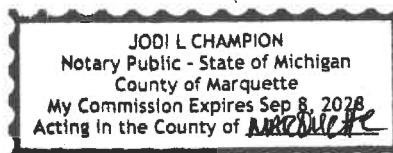
IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

CITY OF ISHPEMING
COUNTY OF MARQUETTE
State of Michigan

By  _____
Its: Craig Cugini
City Manager

Dated: October 19, 2021

37877207.2/043278.00014



CERTIFICATE RELATING TO MATTERS PURSUANT TO
SECTION 3(b)(ii) OF THE BOND PURCHASE AGREEMENT

October 19, 2021

The undersigned being the City Manager of the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), gives this certificate pursuant to Section 3(b)(ii) of the Bond Purchase Agreement, dated September 29, 2021 (the "Agreement"), between the Issuer and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), relating to the Issuer's \$9,125,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds"). All terms not otherwise defined in this Certificate shall have the meanings assigned to them in the Agreement. The undersigned hereby certifies that:

(A) the Issuer has duly performed all of the Issuer's obligations to be performed at or prior to the Closing Time and that each of the Issuer's representations and warranties contained in the Agreement is true, accurate and complete as of the Closing Time;

(B) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated in the Agreement and by the Official Statement;

(C) no litigation is pending, or to the Issuer's knowledge, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking or the Issuer's existence or powers; and

(D) upon advice of counsel and to the best of the Issuer's knowledge, the execution, delivery, receipt and due performance of the Bonds, the Resolution, the Sale Order, the Continuing Disclosure Undertaking and the other agreements contemplated in the Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions hereof and thereof will not conflict with or constitute on the Issuer's part a breach of, or a default under, any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound and will not conflict with or be in violation of any existing law, court or administrative regulation, rule, decree or order.

IN WITNESS WHEREOF, I have executed and delivered this certificate as of the date first above written.

CITY OF ISHPERING
County of Marquette
State of Michigan

By _____


Craig Cugini
Its: City Manager

\$9,125,000
CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)
(the "Bonds")

CROSS RECEIPT

The City Manager of the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), hereby acknowledges receipt from Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), in accordance with the Bond Purchase Agreement, dated September 29, 2021, between the Issuer and the Underwriter (the "Bond Purchase Agreement"), the sum of \$9,094,431.25, which represents the par amount of the Bonds of \$9,125,000, less Underwriter's discount of \$30,568.75. This payment will provide for payment in full of the Bonds being sold to the Underwriters pursuant to the Bond Purchase Agreement.

CITY OF ISHPEMING
County of Marquette, State of Michigan

By _____


Craig Cugini
Its City Manager

The Underwriter referred to above, hereby acknowledges receipt from the Issuer of the Bonds, in book-entry-form, in proper denominations and number, being the securities purchased by the Underwriter pursuant to the Bond Purchase Agreement. The Underwriter hereby further acknowledges that it has received or hereby waives in due time, form and manner all proceedings, certificates, opinions, letters and other documents required by the Bond Purchase Agreement or otherwise to be furnished to it at or prior to the time of delivery and acceptance of the Bonds.

This Cross Receipt may be executed in counterparts.

Executed and delivered this 19th day of October, 2021.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED
as Underwriter

By _____

Its _____

\$9,125,000
CITY OF ISHPEMING
COUNTY OF MARQUETTE
STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021
(FEDERALLY TAXABLE)
(the "Bonds")

CROSS RECEIPT

The City Manager of the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), hereby acknowledges receipt from Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), in accordance with the Bond Purchase Agreement, dated September 29, 2021, between the Issuer and the Underwriter (the "Bond Purchase Agreement"), the sum of \$9,094,431.25, which represents the par amount of the Bonds of \$9,125,000, less Underwriter's discount of \$30,568.75. This payment will provide for payment in full of the Bonds being sold to the Underwriters pursuant to the Bond Purchase Agreement.

CITY OF ISHPEMING
County of Marquette, State of Michigan

By _____
Craig Cugini
Its City Manager

The Underwriter referred to above, hereby acknowledges receipt from the Issuer of the Bonds, in book-entry-form, in proper denominations and number, being the securities purchased by the Underwriter pursuant to the Bond Purchase Agreement. The Underwriter hereby further acknowledges that it has received or hereby waives in due time, form and manner all proceedings, certificates, opinions, letters and other documents required by the Bond Purchase Agreement or otherwise to be furnished to it at or prior to the time of delivery and acceptance of the Bonds.

This Cross Receipt may be executed in counterparts.

Executed and delivered this 19th day of October, 2021.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED
as Underwriter

By _____
Jeffrey A. Zylstra
Its Managing Director

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

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QATAR

October 19, 2021

City of Ishpeming
County of Marquette
State of Michigan

We have acted as bond counsel to the City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), in connection with the issuance by the Issuer of bonds in the principal sum of \$9,125,000, designated Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of October 19, 2021, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.
3. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. The Bonds and interest thereon and income from the Bonds are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan. We express no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

City of Ishpeming

-2-

October 19, 2021

of interest on, the Bonds. Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax opinions herein were not intended to be used, and cannot be used, for the purpose of avoiding taxpayer penalties. These opinions were written to support the promotion or marketing of the Bonds.

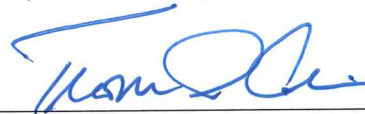
The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By



Thomas D. Colis

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

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October 19, 2021

Assured Guaranty Municipal Corp.
New York, New York

Re: City of Ishpeming, County of Marquette, State of Michigan, \$9,125,000 Limited
Tax General Obligation Bonds, Series 2021 (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Ishpeming, County of Marquette, State of Michigan, in connection with the issuance of the above-referenced Bonds and in that capacity have issued our approving legal opinion of even date hereof ("Approving Opinion") as to the validity of the Bonds and the tax status thereof.

This is to advise you that you may rely upon our Approving Opinion as though it were addressed specifically to you.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: _____


Thomas D. Colis

Founded in 1852
by Sidney Davy Miller

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October 19, 2021

City of Ishpeming
County of Marquette
State of Michigan

Stifel, Nicolaus & Company, Incorporated
Okemos, Michigan

Ladies and Gentlemen:

This opinion is submitted pursuant to Section 3(b)(i) of the Bond Purchase Agreement dated September 29, 2021 (the “Bond Purchase Agreement”), between Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), and the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”), with respect to the purchase by the Underwriter and sale by the Issuer of its \$9,125,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable), dated October 19, 2021 (the “Bonds”).

We have examined (in addition to the proceedings and documents specified in our approving opinion rendered by us on the date hereof in connection with the delivery of the Bonds), executed counterparts of the Bond Purchase Agreement, the Official Statement pertaining to the Bonds dated September 29, 2021 (the “Official Statement”), and certified copies of a resolution of the Issuer adopted on July 7, 2021 and the Sale Order dated September 29, 2021 (collectively, the “Resolutions”), approving authorization, execution, sale and delivery of the Bonds. On the basis of such examination and our review of such other information, records and documents as in our judgment is necessary and advisable, we are of the opinion that:

1. The Issuer had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, full legal right, power and authority (i) to enter into the Bond Purchase Agreement and the Resolutions and (ii) to sell and deliver the Bonds to the Underwriter as provided in the Bond Purchase Agreement and in the Resolutions. The Issuer had at the time of execution of the Bond Purchase Agreement, and has as of the date hereof, duly authorized and approved the execution and delivery of, and the performance of its obligations contained in, the Bond Purchase Agreement.

2. No further authorization or approval is required for the execution and delivery of the Bond Purchase Agreement and the Bond Purchase Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, and no further authorization or approval is required for the performance by the Issuer of its obligations under the Bond Purchase Agreement.

City of Ishpeming
Stifel, Nicolaus & Company,
Incorporated

-2-

October 19, 2021

3. The Issuer has duly authorized, approved and ratified the Preliminary Official Statement regarding the Bonds dated September 16, 2021 (the "Preliminary Official Statement") and has duly authorized, approved and executed the Official Statement.

4. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

5. The statements contained in the Preliminary Official Statement and the Official Statement under the captions "PURPOSE AND SECURITY", "THE BONDS (except under the subheading "Book-Entry-Only System" therein)", "TAX MATTERS", "APPROVAL OF LEGAL PROCEEDINGS" "APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY" "AND CONTINUING DISCLOSURE" (first two paragraphs only) insofar as such statements summarize the language and effect of the Resolutions and the Constitution and the laws of the State of Michigan or federal tax matters relating to the Bonds, are fair and accurate summaries thereof in all material respects.

The enforceability of the rights and remedies set forth in the Bond Purchase Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

Although we have not independently verified and are not passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements in the Preliminary Official Statement and the Official Statement (except to the extent expressly set forth in Paragraph 5 hereof), in our capacity as Bond Counsel, in which capacity we have been dependent on information provided by representatives of the Issuer, we participated in conferences with representatives of the Issuer and the Underwriter for the purpose of drafting the Resolutions and such portions of the Preliminary Official Statement and the Official Statement expressly set forth in Paragraph 5 hereof and ancillary documents with respect to the Bonds. Such information and conferences did not disclose to us any information which causes us to believe that the Preliminary Official Statement or the Official Statement contained, as of its date or as of the date hereof, any untrue statement of a material fact or omitted as of its date, or omits as of the date hereof, to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

City of Ishpeming
Stifel, Nicolaus & Company,
Incorporated

-3-

October 19, 2021

The Underwriter shall be entitled to rely on the approving opinion rendered by us on the date hereof in connection with the delivery of the Bonds, as if such opinion was addressed to them.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By



Thomas D. Colis

October 19, 2021

Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

Dear Ladies and Gentlemen:

We have acted as counsel to you (the “Underwriter”) in connection with the purchase by the Underwriter of the City of Ishpeming, County of Marquette, State of Michigan (the “Issuer”) \$9,125,000 Limited Tax General Obligation Bonds (Federally Taxable), Series 2021, issued pursuant to a resolution adopted by the City Council of the Issuer on July 7, 2021 (the “Resolution”) and a Sale Order executed by the Issuer on September 29, 2021 (the “Sale Order”). As such counsel, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of such documents, records and other instruments as we have deemed necessary or advisable for purposes of this letter.

We have examined executed or certified copies of (A) the Resolution and the Sale Order, (B) the bond purchase agreement dated September 29, 2021, between the Underwriter and the Issuer (the “Bond Purchase Agreement”), (C) the Preliminary Official Statement dated September 16, 2021, and the final Official Statement dated September 29, 2021 (collectively, the “Official Statement”), (D) the certificates referred to in Section 3(b) of the Bond Purchase Agreement (the “Certificates”), and (E) the approving opinion and supplemental opinion of even date herewith of Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel (“Bond Counsel”).

In connection with the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences and telephone conferences with, representatives of the Issuer, its municipal advisor, your representatives, and Bond Counsel. We have also reviewed other records relating to the authorization, issuance and sale of the Bonds and have relied upon certificates of officials of the Issuer and of other public officials and upon written opinions and letters received from the Issuer and Bond Counsel.

We have considered the information contained in the Official Statement and, based upon our review and discussions and in reliance upon the accuracy of the information contained in the Certificates, written opinions and letters, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no opinion as to any financial or other statistical data, projections, forecasts, audit material, or the opinions of other counsel included in the Official Statement.

The letters, Certificates and opinions referred to above are in form and substance satisfactory to us and comply with the requirements of the Bond Purchase Agreement.

The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Under existing law as presently interpreted, the Continuing Disclosure Undertaking contains the elements required for the written agreement or contract referenced in paragraphs (b)(5)(i), (b)(5)(ii) and (b)(5)(iv) of SEC Rule 15c2-12.

Our engagement with respect to this matter is terminated as of the date hereof and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, but may be included in the transcript of proceedings for the Bonds.

Dickinson Wright PLLC

R-1
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
0.270%	May 1, 2022	October 19, 2021	464308 EF8

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Thirty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-2
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
0.370%	May 1, 2023	October 19, 2021	464308 EG6

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Forty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-3
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
0.770%	May 1, 2024	October 19, 2021	464308 EH4

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Forty-Five Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-4
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.220%	May 1, 2025	October 19, 2021	464308 EJ0

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Forty-Five Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-5
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.420%	May 1, 2026	October 19, 2021	464308 EK7

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Fifty-Five Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-6
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.670%	May 1, 2027	October 19, 2021	464308 EL5

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Sixty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-7
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.870%	May 1, 2028	October 19, 2021	464308 EM3

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Seventy Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-8
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.020%	May 1, 2029	October 19, 2021	464308 EN1

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Eighty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-9
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPERING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.120%	May 1, 2030	October 19, 2021	464308 EP6

Registered Owner: Cede & Co.

Principal Amount: Four Hundred Ninety Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-10
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.280%	May 1, 2031	October 19, 2021	464308 EQ4

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-11
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.450%	May 1, 2032	October 19, 2021	464308 ER2

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Ten Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-12
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.550%	May 1, 2033	October 19, 2021	464308 ES0

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Twenty-Five Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-13
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.680%	May 1, 2034	October 19, 2021	464308 ET8

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Forty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-14
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.770%	May 1, 2035	October 19, 2021	464308 EU5

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Fifty Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-15
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.870%	May 1, 2036	October 19, 2021	464308 EV3

Registered Owner: Cede & Co.

Principal Amount: Five Hundred Seventy Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

R-16
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE

CITY OF ISHPEMING

LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2021
(FEDERALLY TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
3.160%	May 1, 2039	October 19, 2021	464308 EW1

Registered Owner: Cede & Co.

Principal Amount: One Million Eight Hundred Fifteen Thousand Dollars

The City of Ishpeming, County of Marquette, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on May 1, 2022 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of \$9,125,000, issued for the purpose of paying all or a part of the costs of the unfunded pension liability for certain of the Issuer's retirement programs. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended and a duly adopted resolution of the Issuer.

Bonds of this issue maturing in the years 2022 to 2031, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the year 2032 and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within any maturity, on any date on or after May 1, 2031, at par and accrued interest to the date fixed for redemption.

Bonds of this issue maturing on May 1, 2039 (the "Term Bonds"), are subject to mandatory redemption, in part by lot, at par plus accrued interest to the date fixed for redemption on May 1 in each of the years and in the principal amounts set forth in the following schedule:

Term Bonds due May 1, 2039

<u>Redemption Dates</u>	<u>Principal Amounts</u>
May 1, 2037	\$585,000
May 1, 2038	\$605,000
May 1, 2039 (maturity)	\$625,000

The principal amounts of the Term Bonds of a maturity to be redeemed on the dates set forth above shall be reduced, in the order determined by the Issuer, by the principal amount of the Term Bonds of the same maturity which has been previously redeemed or called for redemption (other than as a result of a mandatory redemption) or purchased or acquired by the Issuer and delivered to the Transfer Agent for cancellation.

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion

thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

This bond is transferable only upon the registration books of the Issuer kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed. Neither the Issuer nor the Transfer Agent shall be required to transfer or exchange this bond or portion of this bond either during the period of fifteen (15) days immediately preceding the date of the mailing of any notice of redemption or (except as to the unredeemed portion, if any, of this bond) after this bond or any portion of this bond has been selected for redemption.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the Issuer, by its City Council, has caused this bond to be signed in the name of the Issuer with the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF ISHPEMING
County of Marquette
State of Michigan



By: _____

Its: _____

Mayor

By: _____

Its: _____

City Clerk

SPECIMEN

AUTHENTICATION DATE: October 19, 2021

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described herein.

U.S. Bank National Association
Detroit, Michigan
Transfer Agent

By: _____

Authorized Signatory

SPECIMEN

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (“AGM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Detroit, Michigan, or its successor as paying agent for the Bonds (the “Transfer Agent”). Said Policy is on file and available for inspection at the principal office of the Transfer Agent and a copy thereof may be obtained from AGM or the Transfer Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite name and address of transferee)
the within bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ attorney to transfer the within bond on the
books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person's authority to act must accompany the bond.

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program. The Transfer Agent will not affect transfer of this bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL
SECURITY NUMBER OR OTHER
IDENTIFYING NUMBER OF
TRANSFeree

(Insert number for first named
transferee if held by Joint Account)

Name and Address: _____

(Include information for all Joint Owners if
the bond is held by Joint Account)

CHELSEA LEBEAU
STIFEL NICOLAUS & COMPANY INC
501 N BROADWAY
ST LOUIS, MO 63102-2131

CHELSEA LEBEAU,

This email confirmation is sent in response to your request for the assignment of / change request to a **Municipal**
CUSIP number for:

ISSUER: ISHPEMING MICH

CUSIP NUMBER: 464308 EF8
ISIN NUMBER: US464308EF89
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2022
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EG6
ISIN NUMBER: US464308EG62
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2023
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EH4
ISIN NUMBER: US464308EH46
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2024
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EJ0
ISIN NUMBER: US464308EJ02
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2025
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EK7
ISIN NUMBER: US464308EK74
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2026
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EL5
ISIN NUMBER: US464308EL57
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2027
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EM3
ISIN NUMBER: US464308EM31
ISSUE DESCRIPTION: TAXABLE-LTD TAX

RATE:
MATURITY: 05/01/2028
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EN1
ISIN NUMBER: US464308EN14
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2029
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EP6
ISIN NUMBER: US464308EP61
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2030
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EQ4
ISIN NUMBER: US464308EQ45
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2031
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 ER2
ISIN NUMBER: US464308ER28
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2032
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 ES0
ISIN NUMBER: US464308ES01
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2033
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 ET8
ISIN NUMBER: US464308ET83
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2034
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EU5
ISIN NUMBER: US464308EU56
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2035
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EV3
ISIN NUMBER: US464308EV30
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:

MATURITY: 05/01/2036
DATED DATE: 10/19/2021

CUSIP NUMBER: 464308 EW1
ISIN NUMBER: US464308EW13
ISSUE DESCRIPTION: TAXABLE-LTD TAX
RATE:
MATURITY: 05/01/2039
DATED DATE: 10/19/2021

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E-mail addresses for electronic preliminary documentation:

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Municipal:cusip_muni@cusip.com

PPN:cusip_ppn@cusip.com

International:cusip_global@cusip.com

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Gerard Faulkner
Director - Operations
CUSIP Global Services

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This Confirmation was sent by email at **20:01:00 27 Sep 2021**.

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38187932.1/043278.00014

September 29, 2021

Assured Guaranty Municipal Corp.
1633 Broadway, 24th Floor
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: \$9,125,000 City of Ishpeming, County of Marquette, State of Michigan, Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) dated: October 19, 2021, due: May 01, 2022-2036, 2039 (POLICY #221578-N)

Dear Mr. Bauerfeld:

S&P Global Ratings has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating from "A" to "AA" on the above obligations. The rating on the above obligations is based on the policy provided by your company.

We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the latter, please notify us of any changes or amendments over the term of the debt.

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jg

S&P Global Ratings
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August 5, 2021

City of Ishpeming
100 East Division Street
Ishpeming, MI 49849--2084
Attention: Mr. Craig Cugini, City Manager

**Re: US\$9,880,000 City of Ishpeming, County of Marquette, State of Michigan, Limited Tax General
Obligation Bonds , Series 2021 (Federally Taxable), dated: Date of delivery, due: May 01, 2039**

Dear Mr. Cugini:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "A" . S&P Global Ratings views the outlook for this rating as positive. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

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Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

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cc: ***Mr. Jim Lampman***
Mr. Sean Wahl

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RatingsDirect®

Summary:

Ishpeming, Michigan; General Obligation

Primary Credit Analyst:

Bobby E Otter, Chicago + 1-312-233-7071; robert.otter@spglobal.com

Secondary Contact:

Matthew T Martin, New York + 1 (212) 438 8227; Matthew.Martin@spglobal.com

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Summary:

Ishpeming, Michigan; General Obligation

Credit Profile

US\$9.88 mil ltd tax GO bnds (federally taxable) ser 2021 due 05/01/2039

Long Term Rating

A/Positive

New

Ishpeming 2011 cap imp bnds (GO ltd tax)

Long Term Rating

A/Positive

Affirmed

Rating Action

S&P Global Ratings assigned its 'A' long-term rating on Ishpeming, Mich.'s expected \$9.9 million federally taxable series 2021 limited-tax general obligation (LTGO) bonds. At the same time, we affirmed our 'A' long-term rating on the city's debt outstanding. The outlook is positive.

The series 2021 LTGO bond proceeds will prepay most of the city's existing net pension liability (NPL) for its Municipal Employees' Retirement System of Michigan (MERS)pension plan.

The city's full-faith-and-credit pledge and an agreement to levy taxes upon all taxable property, within constitutional, statutory, and charter limitations, secure the series 2021 bonds. Despite these limitations, we rate the LTGO debt at the same level as our view of the city's general creditworthiness, reflected in the unlimited-tax GO bond rating, given a lack of limitations on the fungibility of resources available for debt service.

Credit overview

Ishpeming is issuing pension obligation bonds (POBs) to reduce its NPL as current pension carrying charges are high, in our view, at 16.6% in fiscal 2020. The city's portion of the MERS plan is currently 50.4% funded, and the city expects the POBs will result in overall savings, anticipating the debt payment will be less than the current pension-contribution schedule. Conversely, this structure might not ultimately generate the anticipated savings, and credit risks could arise if pension-contribution savings are less than anticipated since, at the same time, the city is increasing its debt burden which could pressure general fund operations over a prolonged period. However, we do not expect the issuance of the POBs will impact the city's credit quality at this time.

The positive outlook is based upon the city's stable and continually improving finances, with surplus general fund performance achieved in seven of the past eight audited years. In our view, this improvement, along with a strong financial policy and planning framework, has helped the city significantly increase reserves, which we view as a credit strength. The reserve position improved to a degree that, although lower on a nominal basis compared with that of peers, could support a higher rating over the next two years if the city maintains at least balanced operations despite the additional debt from the issuance of the POBs. Ishpeming is in Michigan's upper peninsula outside the City of Marquette. The positive outlook reflects our view that there is at least a one-in-three chance that we could raise the rating over the next two years.

The 'A' rating also reflects our view of the city's:

- Very weak economy, with market value per capita of \$47,318 and projected per capita effective buying income (EBI) at 70.5% of the national level;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with balanced operating results in the general fund and an operating surplus at the total governmental fund level in fiscal 2020;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2020 of 25% of operating expenditures;
- Very strong liquidity, with total government available cash at 99.3% of total governmental fund expenditures and 18.5x governmental debt service, and access to external liquidity that we consider strong;
- Very weak debt and contingent liability profile, with debt service carrying charges at 5.4% of expenditures and net direct debt that is 219.0% of total governmental fund revenue; and
- Strong institutional framework score.

Environmental, social, and governance (ESG) factors

We consider the city's social risks to be in line with those of the sector. We believe the city has taken adequate and proactive steps to manage responses to environmental risks, as its geographic location is susceptible to severe winter weather that could potentially result in unanticipated costs. Officials have also taken steps to mitigate exposure to cybersecurity risks, including insurance coverage. Therefore, we view its environmental and governance risks as in line with those of the sector.

Positive Outlook

Upside scenario

We could raise the rating if the city sustains at least balanced general fund operations and sustains reserves at a level that we consider to be commensurate with those of peers or if the city's economic metrics improve, all else being equal.

Return to stable scenario

We could revise the outlook to stable if the city's finances were to be pressured resulting in a decline in reserves, possibly falling to levels that we consider nominally low, or if the city's economic metrics weaken.

Credit Opinion

Limited economy in Michigan's upper peninsula

We consider Ishpeming's economy very weak. The city, with an estimated population of 6,058, is in Marquette County in Michigan's upper peninsula about 15 miles west of Marquette. Residents of the more rural Ishpeming have employment opportunities in government, mining, and health care. S&P Global Economics indicates that the national economic outlook is improving and it expects it to continue to do so in the near term (see "Economic Outlook U.S. Q3

2021: Sun, Sun, Sun, Here It Comes," published June 24, 2021, on RatingsDirect). Marquette County's unemployment rate reached 21.3% in April 2020, before falling to 5.0% in April 2021; in 2020 the county's unemployment rate was 8.3%.

The city has a projected per capita EBI of 70.5% of the national level and per capita market value of \$47,318. Overall, the city's market value grew by 2.2% over the past year, to \$286.7 million in 2021. With neighboring city's home prices increasing, officials informed us that people are migrating to Ishpeming for lower-cost housing, which has spurred continued residential development throughout the area. Officials also note various developments aimed at improving the livelihood and infrastructure of Ishpeming, with the goal of maximizing the interest in moving to the city while substantiating existing residents' experience. That said, the city's tax base is limited in nature and subsequently its revenue-raising capabilities, are not robust. Since fiscal 2016, taxable values increased by \$8.3 million, or 7.1%, to \$124.8 million in fiscal 2021.

Strong management with good FMA

Management utilizes strong revenue and expenditures assumptions--leaning cautiously into more of a worst-case scenario approach--using a line-by-line budgeting approach, with at least three years of historical data and consulting with outside sources. The city council receives a monthly budget-to-actual report, and the budget can be amended as needed. Management performs a five-year capital improvement plan (CIP) that it updates annually and identifies projects, cost estimates, and funding sources. While the city does not explicitly maintain a long-term financial plan, its CIP helps guide decisionmaking when budgeting. The city's investment policy adheres to state guidelines, and holdings and earnings are reported monthly to council. The city does not have a formal debt or reserve policy, but informally aims to keep at least two months' operating expenditures in general fund reserves.

Strong budgetary performance with slightly general fund surpluses in the past two years

Ishpeming reported balanced operating results in the general fund with a slight surplus of 0.4% of expenditures, and surplus results across all governmental funds 4.9% in fiscal 2020 (Dec. 31). Fiscal 2020 was the seventh general fund surplus in the past eight years. Management attributes the positive performance to cautious budgeting practices and strong spending controls.

The general fund relies primarily on local taxes with property taxes making up 54% of total revenue, followed by state sources (29% of total revenue) in fiscal 2020. Management has no plans to increase its property tax rate as it is at its Headlee maximum. Officials report that revenue was stable in 2020 despite the COVID-19 pandemic and federal funding covered cost increases related to the pandemic--the city received about \$120,000 in CARES Act funding in fiscal 2020.

The fiscal 2021 general fund budget is balanced and, approximately halfway through the year, management expects to report at least balanced operations as revenue is outperforming budgeted levels while expenditures are on target. The city expects to receive \$672,000 from the American Rescue Plan Act, although it has yet to finalize how those funds will be spent. Considering the city's cautious budgeting practices, the additional federal funding, and no immediate budgetary pressures, we expect Ishpeming will make the necessary adjustments to maintain its positive general fund performance and sustain at least adequate budgetary performance over the next two years.

Very strong budgetary flexibility, although reserves are on the lower end nominally

Ishpeming's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2020 of 25% of operating expenditures, or \$738,000. The city has no plans to spend down general fund reserves, and with the expectation of at least balanced general fund operations in fiscal 2021, we anticipate the city's financial flexibility will remain very strong. If the city's reserves decline to levels that we consider to be low nominally, we could see a credit weakness regarding the rating, however, we consider this unlikely at this time.

Very strong liquidity with no short-term borrowing

In our opinion, Ishpeming's liquidity is very strong, with total government available cash at 99.3% of total governmental fund expenditures and 18.5x governmental debt service in 2020. The city held \$6.3 million in cash, including business activities, at the end of 2020. Based on the city's past issuance of debt, we believe it has strong access to capital markets to provide for liquidity needs, if necessary. The city invests primarily in certificates of deposit, money market accounts, and municipal investment pools. We understand that there are no contingent liabilities that might significantly affect the liquidity position in the near term.

After the POB issuance, the city's debt burden will remain very weak

Total governmental fund debt service is 5.4% of total governmental fund expenditures, and net direct debt is expected to increase to 219% of total governmental fund revenue after this issuance. With the issuance of the POBs, we expect the city's direct debt to increase to about \$23.0 million, of which we consider approximately \$8.4 million, or 36.5%, to be self-supported by the water utility systems. Net water utility revenues provided more than 3.0x debt service coverage (DSC) the past three years.

Including approximately \$7.7 million in overlapping debt (mostly from the local school district), the overall net direct debt is approximately 7.8% of market value. Approximately 43.5% of the total direct debt is scheduled to be repaid within 10 years, which is average in our view.

The city's series 2017 unlimited tax GO bonds, for the purposes of financing a new fire truck, are privately placed, but it does not represent nonremote contingent-liability risks, in our view. Management confirmed the city does not have any variable-rate debt, as all debt is fixed-rate to maturity. The city could issue debt for sewer system improvements in the near-to-medium term, but its plans have not been finalized at this time.

Pension and other postemployment benefits liabilities

As of Dec. 31, 2020, Ishpeming participates in the following pension plans:

- Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, defined-benefit plan: 50.4% funded, with a proportionate share of the net pension liability of \$9.1 million, however we expect the funded ratio to improve to approximately 95% after this issuance.
- Police and Fire Retirement System, a single-employer, defined-benefit plan: 73.8% funded, with a total net pension liability of \$1.7 million.

Starting Jan. 1, 2020, the city closed the MERS plan to new members and new hires now participate in a defined contribution plan.

The POBs will finance a large portion of the MERS pension liability into a fixed debt obligation. We estimate the POB issuance to decrease near-term carrying charges for total pension costs to about 8.7% from 16.6% of total governmental expenditures, while debt service will increase to about 17.0% from 5.4% of total governmental expenditures. However, after this issuance, net direct debt as a percent of government revenues is expected to grow to approximately 219% from about 81%. We note that the series 2021 POBs will change the schedule from an increasing amortization to level-dollar payments. We view this reduction in deferred costs positively. On a pro forma basis, the pension-funded ratio for the MERS plan will improve to 95.0% from 50.4%, a limit set by Michigan law, Act 34.

Over the lifetime of the POBs, the city projects a savings of \$5.2 million, or \$3.8 million in present value savings, based on a 7.35% discount rate (the same as the MERS). In our view, the issuance does not materially worsen the city's credit quality at this time, however, poor or volatile investment performance, particularly early in the amortization period, poses a risk to the city of having to pay both the debt service costs on the bonds and higher pension contributions, as the POB does not transfer risk from the city. (For more on the POBs, see "Pension Obligation Bonds' Credit Impact On U.S. State And Local Government Issuers," published Dec. 6, 2017.)

In fiscal 2020, the city made its fully required pension contribution. The police and fire plan has a dedicated Act 345 millage, which was 2.48 mills in 2020, which we view as a strength. With liabilities measured using a discount rate at 7.0% and payroll growth assumptions of 3.5%, we see some risk of cost escalation resulting from market volatility.

The city provides nine months of paid health insurance for police officers and \$10,000 of life insurance to certain employees on retirement but considers these other postemployment benefits costs immaterial and therefore it does not measure or report them in its financial statements.

Strong institutional framework

The institutional framework score for Michigan municipalities with populations between 4,000 and 600,000 is strong.

Related Research

- Credit Conditions: U.S. Regions' Economies Perk Up As The Pandemic's Impact Ebbs, April 16, 2021
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- 2020 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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CLOSING LETTER

October 19, 2021

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**RE: \$9,125,000 City of Ishpeming
County of Marquette, State of Michigan
Limited Tax General Obligation Bonds, Series 2021
(Federally Taxable)**

This letter sets forth the details for the closing of the above referenced bond issue of the City of Ishpeming (the "City"). The closing will be held on Tuesday, October 19, 2021 at 10:00 a.m. at the offices of Miller, Canfield, Paddock and Stone, P.L.C, Detroit, Michigan ("Bond Counsel").

STEP ONE – STIFEL WIRES BOND PROCEEDS

At the opening of business on Tuesday, October 19, 2021, Stifel, Nicolaus & Company, Incorporated ("Stifel") shall make two wire transfers in the aggregate amount of **\$9,094,431.25**, representing the purchase price of the Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "2021 Bonds"). The purchase price and wire amounts are calculated as follows:

Par Amount of the 2021 Bonds	\$9,125,000.00
Less: Underwriter's Discount	<u>(30,568.75)</u>
PURCHASE PRICE	<u>\$9,094,431.25</u>

Wire Amount to Nicolet National Bank (See Step One – A)	\$9,058,241.23
Wire Amount to Assured Guaranty (See Step One – B)	<u>36,190.02</u>
TOTAL WIRES AMOUNT	<u>\$9,094,431.25</u>

A. WIRE INSTRUCTIONS TO NICOLET NATIONAL BANK: WIRE AMOUNT \$9,058,241.23:

Nicolet National Bank
111 N. Washington St
Green Bay, WI 54301
ABA No.: 075917937
Account Name: [REDACTED]
Account No.: [REDACTED]

The amount of **\$9,058,241.23**, including \$103,033.18 to be used to pay costs of issuance, is to be deposited with the City in the Proceeds Fund. Subsequently, the City will transfer \$8,955,208.05 to the Municipal Employees' Retirement System of Michigan ("MERS") to pay a part of its unfunded pension liability. Upon completion of the above referenced wire, Stifel shall contact PFM Financial Advisors LLC ("PFM") with the federal wire reference number and time of wire. Kaitlyn Feldbauer at the City of Ishpeming will verify receipt of the funds. Upon receipt of such confirmation, PFM shall advise Bond Counsel of the same.

B. WIRE INSTRUCTIONS TO ASSURED GUARANTY MUNICIPAL CORP.: WIRE AMOUNT \$36,190.02:

The Bank of New York
ABA No.: 021 000 018
Account Name: Assured Guaranty Municipal Corp.
Account No.: [REDACTED]
Policy No.: 221578-N

Stifel shall contact PFM with the federal wire reference number and time of wire to Assured Guaranty. PFM will then contact Nicole Cinquegrana of Assured Guaranty to verify receipt of funds. Upon receipt of such confirmation, PFM shall advise Bond Counsel of the same.

STEP TWO - CLOSING

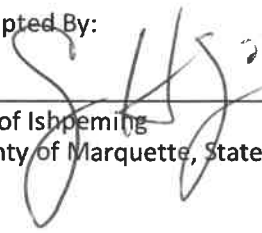
Once there is confirmation of payment in full by Stifel of the agreed purchase price and Bond Counsel has received confirmation from PFM regarding Steps One-A and One-B above and has indicated that all the requirements for closing have been met, Tracey Mooney at (313) 234-4722 with U.S. Bank National Association, Stifel (Participant No. 793) and Bond Counsel will call The Depository Trust Company ("DTC") to release the 2021 Bonds. The telephone number for DTC is (212) 855-3752. The delivery of the 2021 Bonds will be processed through the DTC FAST system.

STEP THREE – COSTS OF ISSUANCE

As the City receives invoices, the expenses in the estimated amounts shown below should be paid from the Proceeds Fund held by the City. Any funds remaining after payment of the bond issuance costs related to the 2021 Bonds shall be transferred to the related Bond Fund.

COST	COMPANY	AMOUNT
Bond Counsel Fee	Miller Canfield	\$45,000.00
Financial Advisor Fee	PFM Financial Advisors LLC	33,687.50
MAC Fee	PFM Financial Advisors LLC	400.00
State Treasury Filing Fee (Long Form)	City of Ishpeming	2,000.00
Credit Rating	Standard & Poor's	14,238.00
Official Statement Printing & Mailing	ImageMaster	3,000.00
Paying Agent - First year	U.S. Bank National Association	500.00
Notice of Intent Publication Fee	City of Ishpeming	829.59
Contingency		3,378.09
TOTAL		\$103,033.18

Accepted By:



City of Ishpeming
County of Marquette, State of Michigan

Dated:

October 18, 2021

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City of Ishpeming
Limited Tax General Obligation Bonds, Series 2021

Final Numbers

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SOURCES AND USES OF FUNDS

City of Ishpeming
Limited Tax General Obligation Bonds, Series 2021-----
Final Numbers

Dated Date	10/19/2021
Delivery Date	10/19/2021

Sources:

Bond Proceeds:	
Par Amount	9,125,000.00
	9,125,000.00

Uses:

Project Fund Deposits:	
Deposit to Pension Fund	8,955,208.05
Delivery Date Expenses:	
Cost of Issuance	103,033.18
Underwriter's Discount	30,568.75
Bond Insurance (0.317%)	
	36,190.02
	169,791.95
	9,125,000.00

BOND SUMMARY STATISTICS

City of Ishpeming
Limited Tax General Obligation Bonds, Series 2021

Final Numbers

Dated Date	10/19/2021
Delivery Date	10/19/2021
First Coupon	05/01/2022
Last Maturity	05/01/2039
Arbitrage Yield	2.627026%
True Interest Cost (TIC)	2.619560%
Net Interest Cost (NIC)	2.644122%
All-In TIC	2.806429%
Average Coupon	2.609312%
Average Life (years)	9.624
Duration of Issue (years)	8.392
Par Amount	9,125,000.00
Bond Proceeds	9,125,000.00
Total Interest	2,291,411.10
Net Interest	2,321,979.85
Total Debt Service	11,416,411.10
Maximum Annual Debt Service	636,184.00
Average Annual Debt Service	651,126.11

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Serial Bonds	7,310,000.00	100.000	2.323%	7.903	09/13/2029	5,059.95
Term Bond 2039	1,815,000.00	100.000	3.160%	16.555	05/09/2038	2,432.10
	9,125,000.00			9.624		7,492.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,125,000.00	9,125,000.00	9,125,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-30,568.75	-30,568.75	
- Cost of Issuance Expense		-103,033.18	
- Other Amounts		-36,190.02	-36,190.02
Target Value	9,094,431.25	8,955,208.05	9,088,809.98
Target Date	10/19/2021	10/19/2021	10/19/2021
Yield	2.619560%	2.806429%	2.627026%

BOND PRICING

**City of Ishpeming
Limited Tax General Obligation Bonds, Series 2021**

Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	05/01/2022	430,000	0.270%	0.270%	100.000
	05/01/2023	440,000	0.370%	0.370%	100.000
	05/01/2024	445,000	0.770%	0.770%	100.000
	05/01/2025	445,000	1.220%	1.220%	100.000
	05/01/2026	455,000	1.420%	1.420%	100.000
	05/01/2027	460,000	1.670%	1.670%	100.000
	05/01/2028	470,000	1.870%	1.870%	100.000
	05/01/2029	480,000	2.020%	2.020%	100.000
	05/01/2030	490,000	2.120%	2.120%	100.000
	05/01/2031	500,000	2.280%	2.280%	100.000
	05/01/2032	510,000	2.450%	2.450%	100.000
	05/01/2033	525,000	2.550%	2.550%	100.000
	05/01/2034	540,000	2.680%	2.680%	100.000
	05/01/2035	550,000	2.770%	2.770%	100.000
	05/01/2036	570,000	2.870%	2.870%	100.000
		<u>7,310,000</u>			
Term Bond 2039:					
	05/01/2037	585,000	3.160%	3.160%	100.000
	05/01/2038	605,000	3.160%	3.160%	100.000
	05/01/2039	625,000	3.160%	3.160%	100.000
		<u>1,815,000</u>			
		9,125,000			

Dated Date	10/19/2021	
Delivery Date	10/19/2021	
First Coupon	05/01/2022	
Par Amount	9,125,000.00	
Original Issue Discount		
Production	9,125,000.00	100.000000%
Underwriter's Discount	-30,568.75	-0.335000%
Purchase Price	9,094,431.25	99.665000%
Accrued Interest		
Net Proceeds	9,094,431.25	

BOND DEBT SERVICE

City of Ishpeming
Limited Tax General Obligation Bonds, Series 2021

Final Numbers

Dated Date 10/19/2021
Delivery Date 10/19/2021

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
05/01/2022	430,000	104,193.60	534,193.60	
11/01/2022		97,101.00	97,101.00	631,294.60
05/01/2023	440,000	97,101.00	537,101.00	
11/01/2023		96,287.00	96,287.00	633,388.00
05/01/2024	445,000	96,287.00	541,287.00	
11/01/2024		94,573.75	94,573.75	635,860.75
05/01/2025	445,000	94,573.75	539,573.75	
11/01/2025		91,859.25	91,859.25	631,433.00
05/01/2026	455,000	91,859.25	546,859.25	
11/01/2026		88,628.75	88,628.75	635,488.00
05/01/2027	460,000	88,628.75	548,628.75	
11/01/2027		84,787.75	84,787.75	633,416.50
05/01/2028	470,000	84,787.75	554,787.75	
11/01/2028		80,393.25	80,393.25	635,181.00
05/01/2029	480,000	80,393.25	560,393.25	
11/01/2029		75,545.25	75,545.25	635,938.50
05/01/2030	490,000	75,545.25	565,545.25	
11/01/2030		70,351.25	70,351.25	635,896.50
05/01/2031	500,000	70,351.25	570,351.25	
11/01/2031		64,651.25	64,651.25	635,002.50
05/01/2032	510,000	64,651.25	574,651.25	
11/01/2032		58,403.75	58,403.75	633,055.00
05/01/2033	525,000	58,403.75	583,403.75	
11/01/2033		51,710.00	51,710.00	635,113.75
05/01/2034	540,000	51,710.00	591,710.00	
11/01/2034		44,474.00	44,474.00	636,184.00
05/01/2035	550,000	44,474.00	594,474.00	
11/01/2035		36,856.50	36,856.50	631,330.50
05/01/2036	570,000	36,856.50	606,856.50	
11/01/2036		28,677.00	28,677.00	635,533.50
05/01/2037	585,000	28,677.00	613,677.00	
11/01/2037		19,434.00	19,434.00	633,111.00
05/01/2038	605,000	19,434.00	624,434.00	
11/01/2038		9,875.00	9,875.00	634,309.00
05/01/2039	625,000	9,875.00	634,875.00	634,875.00
	9,125,000	2,291,411.10	11,416,411.10	11,416,411.10

Security Report

INSTRUCTIONS: File this report within 15 business days of completing issuance of any municipal securities. Security Reports and supporting documentation are to be uploaded online and shall be submitted together as a single .pdf file. The name of the file should be the six-digit MuniCode followed by "3892SecRpt." For example: 3320203892SecRpt.pdf. We will no longer accept Security Reports that are missing supporting documentation or do not provide an explanation as to why the supporting documentation was not included. Those deemed incomplete may not count toward the 15-business day requirement and may result in a subsequent year denial of the municipality's Qualifying Statement.

To upload a Security Report and supporting documentation, go to **Michigan.gov/MunicipalFinance**, and click on "Security Report Upload." If not already acquired, users must obtain a new user ID and password by clicking on the "Request Access New User" link on the login page. An instruction link will be available should you require additional assistance. Once logged in and on the form submission page, select from the dropdown menus your County, Municipality Type, and Municipality, and for Form select Security Report. Click on "Create Form." On the next page click on "Browse," select your single .pdf to upload, and then click on "Certify and Submit." On the subsequent page, check the box to certify that the Chief Administrative Officer is aware of the information included in the filing and has asserted to the user that the filing is complete and accurate in all respects. Click on "Submit." On the final page, click on "OK."

NOTE: The single .pdf file you provide will be posted on our publicly available Web site as submitted without changes. Do NOT include a copy of the check, banking information or other confidential information.

If a filing fee and/or late fee is due, mail through the United States Postal Service a copy of the Filing Fee Voucher and payment to Community Engagement and Finance Division, Michigan Department of Treasury, PO Box 30728, Lansing MI 48909. Direct questions to 517-335-7469 or e-mail to **Treas_MunicipalFinance@Michigan.gov**.

FILING UNDER					
☐ Revised Municipal Finance Act, PA 34 of 2001, MCL 141.2319 (1) — Filing Fee Required (See Filing Fee Voucher)					
☒ Revised Municipal Finance Act, PA 34 of 2001, MCL 141.2319 (2) — Filing Fee Previously Paid with Long-Term or Short-Term Borrowing Application					
☐ Agency Finance Reporting Act, PA 470 of 2002, MCL 129.177 (7) — No Filing Fee Required					
ISSUE INFORMATION					
☐ Check if filing for multiple drain districts. Must attach list of individual Drain Names, Municipal Codes and Par Amounts.					
Municipality (Legal) Name City of Ishpeming				Municipality Code 52-2-010	
AUTHORIZING STATUTE			AUTHORIZING STATUTE		
Public Act 34	Year 2001	Section 518	Public Act	Year	Section
Title of Security Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable)					
Amount of Issue \$ 9,125,000.00		Issuance Date 10/19/21		Final Maturity Date 05/01/39	
Date Sold 10/19/21	First Call Date 05/01/31	First Call Price % 100 %		True Interest Cost % 2.619560 %	
Was an Exemption Required?		☒ None		☐ Rating	
		☐ Net Present Value Loss		☐ Discount > 10%	
Purpose of Security: The bonds are being issued for the purposes of paying all or a part of the costs of the unfunded pension liability for its Defined Benefit Plan and costs of issuing the bonds.					

PARTICIPANT INFORMATION — Municipalities responsible for repayment of security.***NOTE:** QS = Qualifying Statement; QSR = Qualifying Statement Reconsideration

Municipality Name	MuniCode	Participation Amount	Participation Percentage	*Most Recent QS or QSR Fiscal Year	Approved or Denied	Date of Determination
City of Ishpeming	52-2-010	\$ 9,125,000.00	100 %	2020	Approved	06/29/21
			%			
			%			
			%			
			%			

SECURITY DETAILS
☐ Short-Term (maturity date is less than or equal to 372 days from the date of issuance)

☒ Long-Term (maturity date is greater than 372 days from the date of issuance)

 General Obligation: ☐ No ☒ Yes

 Primary Security Pledge: ☒ Limited Tax ☐ Unlimited Tax
☐ Other _____ ☐ None

 Secondary Security Pledge: ☐ Distributable State Aid (Revenue Sharing) ☐ State School Aid
☐ Other _____ ☒ None

 Source of Repayment: ☐ Bond Proceeds ☐ General Funds
☐ Grants ☐ MI Transportation Funds
☐ Rates, Fees, Charges, Lease Payments ☐ State School Aid
☐ Special Assessments ☐ Special Assessments – County Drains
☐ Distributable State Aid (Revenue Sharing) ☒ Tax
☐ Tax Increment Financing ☐ Other: _____

 Type of Sale: ☐ Competitive Bid (must include proof of publication of the Notice of Sale)
☒ Negotiated Sale/Private Placement (select one of the reasons below)
☐ Cost Savings ☐ Innovative Structure
☐ Market Volatility ☐ New Entity
☐ Below Investment Grade Rating ☐ Unusual Financing Terms
☒ Other: purpose (pension bonds), federally taxable

Sold To:		☐ Government Agency – Name: _____ ☒ Other – Name: <u>Stifel, Nicolaus & Company, Incorporated</u>	
Sold At:		☒ Par ☐ Net Original Issue Premium ☐ Net Original Issue Discount	
		Premium	Purchase Price
		Percentage	%
		Discount	Purchase Price
		Percentage	%
Authorized by Voters: ☒ No ☐ Yes		School Bond Loan Fund Qualification: ☒ No ☐ Yes	
Special Education Funded: ☒ No ☐ Yes		Vocational Education Funded: ☒ No ☐ Yes	
Structure: ☒ Bond (select type below)			
☐ Capital Improvement			
Date Notice of Intent Published: _____			
Was a Referendum Requested: ☐ No ☐ Yes			
☐ Refunding			
☐ Net Present Value Savings:		Amount	Savings % of Bonds Refunded
			%
☐ Net Present Value Loss:		Amount	Loss % of Bonds Refunded
			%
☐ Partial:		New Money	Refunding
☐ Revenue			
☒ Other: <u>Pension Obligation Bonds</u>			
☐ Note (select type below)			
☐ Bond Anticipation:		Amount of Proceeds from Long-Term Security	
☐ Revenue Anticipation:		Prior Fiscal Year Revenue Sharing	Amount of Issue as % of Revenue Sharing
			%
Borrowing Against: ☐ Current Fiscal Year ☐ Next Fiscal Year			
☐ State Aid:		Estimated School Aid Amount	Amount of Issue as % of Est. State School Aid
			%
Borrowing Against: ☐ Current Fiscal Year ☐ Next Fiscal Year			
☐ Tax Anticipation:		Estimated Property Tax Amount	Amount of Issue as % of Est. Property Tax
			%
Borrowing Against: ☐ Current Fiscal Year ☐ Next Fiscal Year			
☐ Drain			
☐ Line of Credit			
Debt Structure: ☐ Serial ☐ Term ☒ Both			

Rating: Obtained for this Issuance

☒ Yes (select Agency and Rating Category):

Agency: ☐ Moody's ☒ Standard & Poor's ☐ Fitch ☐ Kroll
 Rating Category: ☐ Aaa/AAA ☒ Aa/AA ☐ A/A ☐ Baa/BBB ☐ Other: _____

☐ No (select Reason)

Reason: ☐ Credit Enhancement ☐ Unlimited Tax General Obligation
☐ Special Assessment ☐ Sold to Government Agency
☐ Rating Exemption ☐ Not Applicable — Less than \$5 million
☐ Not Applicable — State School Bond Loan ☐ Not Applicable — PA 94 of 1933 Revenue Bond without full faith and credit pledge.

Is this Issuance Excluded from Debt Limits? ☒ No
☐ Yes — Provide Statutory Exclusion: _____
☐ N/A (Applies to General Law Townships & Authorities Only)

Total Long-Term Debt Outstanding (including this Issuance): \$ 21,572,000.00
 (Excludes Compensated Absences, Pension or OPEB Liabilities unless a bond was issued)

Does this issuance put your municipality over its debt limit? ☒ No ☐ Yes

For the two questions below, if N/A, provide statutory exclusion:

- 1) Does the first principal payment occur within five years after the date of issuance? (MCL 141.2503(1)) ☐ No ☒ Yes ☐ N/A _____
- 2) Are all principal payments in any year beyond four years from the date of issuance greater than 20% of the principal payments in any subsequent year? (MCL 141.2503(1)) ☐ No ☒ Yes ☐ N/A _____

Attached Forms: If "No" is selected and the document(s) are not attached, an explanation is required. If an acceptable explanation is not provided, the Security Report may be deemed incomplete and not accepted by the Department of Treasury. Security Reports not accepted may not count toward the 15-business day requirement and may result in a subsequent year denial of the municipality's Qualifying Statement.

Copy of Municipal Security (Specimen)

☒ Yes

☐ No Explain: _____

Copy of Maturity Schedule (Must Include Principal and Interest Payment Dates, Coupons, Reoffering Yields, Reoffering Prices, Call Feature, Original Issue Premium/Discount by Maturity, Shown on Issuer's Fiscal Year)

☒ Yes

☐ No Explain: _____

Authorizing Resolution or Ordinance (Drain Order)

☒ Yes

☐ No Explain: _____

Legal Opinion regarding legality and tax status of the municipal security

☒ Yes

☐ No Explain: _____

Award Resolution, Certificate of Award, or Purchase Agreement, including a detail of the annual interest rate and call features

☒ Yes

☐ No Explain: _____

Proof of Publication of the Notice of Sale

☐ Yes

☒ No Explain: Not required; negotiated sale

Copy of Notice of Rating(s) from recognized Rating Agency(ies)

☒ Yes

☐ No Explain: _____

For Refunding Security, Net Present Value Savings/Loss Analysis

☐ Yes

☒ No Explain: Not a refunding

Copy of Official Statement

☒ Yes

☐ No Explain: _____

If the box on page 1 was selected indicating a filing for multiple drain districts, did you attach a list of individual drain names, municipal codes and par amounts?

☐ Yes

☐ No Explain: _____

☒ N/A. This filing is not for multiple drain districts.

Filing Fee Voucher
Municipal Finance Filing Fees
Community Engagement and Finance Division

Instructions:	NOTE: This is only applicable if you are filing under Revised Municipal Finance Act, PA 34 of 2001, MCL 141.2319 (1). Print this voucher and remit through the United States Postal Service with check payable to "State of Michigan" to: Community Engagement and Finance Division Michigan Department of Treasury PO Box 30728 Lansing MI 48909
Submitter:	City of Ishpeming
Report – Amount and Name of Security:	Security Report: \$9,125,000 Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable)
Municipality:	City of Ishpeming
Filing Fee:	
Late Fee (if applicable):	
Amount Enclosed:	\$ 0.00
NOTE: The filing fee is equal to 0.02% (0.0002) of the principal amount of the municipal security to be issued, but not less than \$100 and not greater than \$1,000. If the qualifying statement was filed late (more than six months after the municipality's fiscal year-end), a late fee of \$100 must be submitted with the first filing thereafter.	

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Local Government Electronic Filing System

Michigan Department of Treasury

Local Unit Basic Information

County: MARQUETTE **Type:** City **Local Unit Name:** City of Ishpeming
Municode: 52-2-010 **FY Ending:** 2021 **Year End Month:** 12
Form ID: 94947 **Instructions** **FAQs**

Please do not use the browser refresh, back or forward buttons as your data may not be saved.

Attachment	Filename	Description
<u>SECRPT_ORG</u>	5220103892SecRpt.pdf	Please attach Security Report Form 3892 and supporting documentation.

Certification

Please provide the following:

Certification

DONE I certify that
the Chief
Administrative
Officer is
aware of the
information
included in
this filing and
has asserted
to me that
this is
complete and
accurate in all
respects. It is
understood
(by the CAO
and/or
myself) that
providing
false
information
for this is a
misdemeanor
pursuant to
the Michigan
Penal Code
(MCL
750.489).

**Successful
submission Oct
19 2021
11:42AM.**

**Confirmation
number: 94947**

**Please print for
your records.**

OK

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of Michigan



MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Ishpeming, County of Marquette, State of Michigan

Policy No.: 221578-N

Effective Date: October 19, 2021

BONDS: \$9,125,000 in aggregate principal amount of Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable)

Premium: \$36,190.02

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

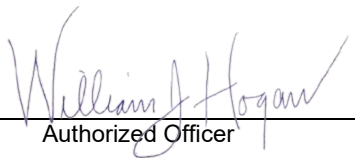
AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By  _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500NY (5/90)



**ENDORSEMENT NO. 1 TO
MUNICIPAL BOND INSURANCE
POLICY
(Michigan Exemption)**

ISSUER: City of Ishpeming, County of Marquette, State
of Michigan

Policy No.: 221578-N

Effective Date: October 19, 2021

BONDS: Limited Tax General Obligation Bonds, Series
2021 (Federally Taxable)

Notwithstanding the terms and provisions contained in the Policy, it is further understood that the Policy is exempt from the filing requirements of Section 2236 of the Michigan Insurance Code of 1956.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this endorsement shall supersede the Policy language.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By William J. Hogan
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form No. 650ANY (10/13)

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
ASSURED GUARANTY MUNICIPAL CORP.**

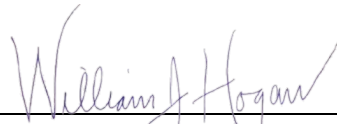
The undersigned hereby certifies on behalf of Assured Guaranty Municipal Corp. ("AGM"), in connection with the issuance by AGM of its Policy No. 221578-N (the "Policy") in respect of the \$9,125,000 in aggregate principal amount of City of Ishpeming, County of Marquette, State of Michigan Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") that:

- (i) the information set forth under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" in the official statement dated September 29, 2021, relating to the Bonds (the "Official Statement") is true and correct,
- (ii) AGM is not currently in default nor has AGM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of AGM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$36,190.02 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to AGM as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by AGM to maintain its ratings, which, together with all other overhead expenses of AGM, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) AGM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, AGM will not use any portion of the Bond proceeds; provided, however, that AGM or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by AGM,
- (viii) AGM does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve fund, AGM would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

AGM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

ASSURED GUARANTY MUNICIPAL CORP.

By: _____


Authorized Officer

Dated: October 19, 2021



October 19, 2021

Municipal Bond Insurance Policy No. 221578-N
With Respect to
\$9,125,000 In Aggregate Principal Amount of
City of Ishpeming, County of Marquette, State of Michigan
Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable)

Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. AGM is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by AGM.
3. The Policy constitutes the valid and binding obligation of AGM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "**BOND INSURANCE – Bond Insurance Policy**" in the official statement relating to the above-referenced Bonds dated September 29, 2021 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,



Counsel

City of Ishpeming
Ishpeming, Michigan

Stifel, Nicolaus & Company, Incorporated
Okemos, Michigan

Assured Guaranty Municipal Corp.

1633 Broadway
New York, NY 10019

main 1 212 974 0100
fax 1 212 688 3101

info@agltd.com

www.assuredguaranty.com

NOTICE OF CLAIM AND CERTIFICATE

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Assured Guaranty Municipal Corp. ("AGM"), with reference to Municipal Bond Insurance Policy No. 221578-N dated October 19, 2021 (the "Policy") issued by AGM in respect of the City of Ishpeming, County of Marquette, State of Michigan Limited Tax General Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Indenture") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Indenture will be \$_____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from AGM, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend "\$[insert applicable amount] paid by AGM and the balance hereof has been canceled and reissued" and then shall deliver such Bond to AGM.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to AGM the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to AGM in respect of such payments. Payments to AGM in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by AGM to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints AGM as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as AGM shall not be in default in its payment obligations under the Policy, AGM may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of AGM but subject to reimbursement as provided in the Indenture and (C) the posting of any surety, supersedes or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that AGM shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By _____

Title _____

For AGM or
Fiscal Agent Use Only

Wire transfer sent on _____ By _____
Confirmation Number _____

**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of
Amount to be Paid:

Upon determination of the final debt service schedule, email such schedule to AGM

Attention: Joseph Muzyczyn, Associate
Phone No.: (212) 261-5591
Email: JMuzyczyn@agltd.com

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Beneficiary Bank: BNYMellon, New York
ABA Number: 021 000 018
Address: One Wall Street, New York, NY 10286
Beneficiary: Assured Guaranty Municipal Corp.
Account Number: 8900297263
Policy Number: 221578-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Nicole Cinquegrana, Closing Coordinator, (212) 261-5593 NCinquegrana@agltd.com.