

**CITY OF ISHPEMING, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Other Financial Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Financial Information, is 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's basic financial statements for the year ended December 31, 2022, 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, enterprise funds' comparative statements, and internal service fund's comparative statements related to the 2022 financial statements for the year ended December 31, 2022, 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 2022 basic financial statements. The information was 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 2022 major governmental funds budgetary comparison schedules, the enterprise funds' comparative statements 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 30, 2024, 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 30, 2024



## 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, 2023. Please read it in conjunction with the financial statements included below.

#### FINANCIAL HIGHLIGHTS

- Net position for the City as a whole increased by \$2,170,164 as a result of this year's operations. Net position of our business-type activities increased by \$1,035,784 or 5 percent, and net position of our governmental activities increased by \$1,134,380 or 8 percent.
- During the year, the City had expenses for governmental activities that were \$6,509,716, generated \$7,608,096 in general revenues and other program sources, and \$36,000 for transfers in.
- The City's business-type activities had expenses of \$4,248,189, generated \$5,319,973 in general revenues and other program sources, and \$36,000 in transfers out.
- The General Fund reported a net change in fund balance of (\$218,940); this is \$35,514 less than the forecasted decrease of \$254,454.

#### 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 system, water system, garbage & rubbish services, and campground 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, 2023 and 2022.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$8,216,364	\$8,722,417	\$5,433,595	\$ 5,053,216	\$13,649,959	\$ 13,775,633
Non-current assets	-	-	8,180,305	8,130,469	8,180,305	8,130,469
Capital assets, net	19,468,109	19,524,529	18,647,951	18,723,629	38,116,060	38,248,158
Total Assets	27,684,473	28,246,946	32,261,851	31,907,314	59,946,324	60,154,260
Deferred outflows of resources	2,468,023	2,158,750	513,720	993,826	2,981,743	3,152,576
Current and other liabilities	1,050,345	1,092,337	360,726	283,447	1,411,071	1,375,784
Long-term liabilities	11,330,123	12,183,509	11,207,968	12,417,628	22,538,091	24,601,137
Total Liabilities	12,380,468	13,275,846	11,568,694	12,701,075	23,949,162	25,976,921
Deferred inflows of resources	2,634,223	3,132,344	19,177	42,230	2,653,400	3,174,574
Net Position:						
Net investment in capital assets	16,702,806	16,640,220	17,703,040	17,741,193	34,405,846	34,381,413
Restricted	3,929,834	4,072,623	1,020,215	838,346	4,950,049	4,910,969
Unrestricted	(5,494,835)	(6,715,337)	2,464,445	1,578,296	(3,030,390)	(5,137,041)
Total Net Position	\$15,137,805	\$13,997,506	\$21,187,700	\$20,157,835	\$36,325,505	\$ 34,155,341

Net position of the City's governmental activities stood at \$15,137,805. *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 (\$5,494,835).

The (\$5,494,835) 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 \$21,187,700. The City can generally only use these net positions to finance continuing operations of the water and sewer systems, garbage services, and campground.

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 2023 and 2022.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$319,326	\$293,020	\$5,189,434	\$5,218,176	\$5,508,760	\$5,511,196
Operating grants and contributions	3,486,037	1,754,377	-	-	3,486,037	1,754,377
Capital grants and contributions	-	-	128,197	106,315	128,197	106,315
General Revenues:						
Property taxes	2,580,500	2,302,205	-	-	2,580,500	2,302,205
Unrestricted intergovernmental	1,031,941	1,027,585	-	-	1,031,941	1,027,585
Interest and investment earnings	40,997	(4,279)	2,342	641	43,339	(3,638)
Fines and forfeitures	51,356	36,012	-	-	51,356	36,012
Miscellaneous	97,939	78,678	-	-	97,939	78,678
Gain/(loss) on sale of assets	-	-	-	-	-	-
Total Revenues	7,608,096	5,487,598	5,319,973	5,325,132	12,928,069	10,812,730
Program Expenses:						
General government	2,376,962	1,815,645	-	-	2,376,962	1,815,645
Public safety	1,324,337	1,008,299	-	-	1,324,337	1,008,299
Public works	1,734,438	1,438,794	-	-	1,734,438	1,438,794
Community and economic development	107,396	84,496	-	-	107,396	84,496
Recreation and culture	673,252	624,718	-	-	673,252	624,718
Capital outlay	101,250	38,463	-	-	101,250	38,463
Interest on long-term debt	192,081	211,083	-	-	192,081	211,083
Sewer	-	-	1,590,751	1,632,253	1,590,751	1,632,253
Water	-	-	1,815,527	2,292,005	1,815,527	2,292,005
Brasswire Campground	-	-	28,429	36,645	28,429	36,645
Garbage & Rubbish	-	-	813,482	776,897	813,482	776,897
Total Expenses	6,509,716	5,221,498	4,248,189	4,737,800	10,757,905	9,959,298
Excess (deficiency) before transfers	1,098,380	266,102	1,071,784	587,332	2,170,164	853,432
Transfers in (out)	36,000	214,640	(36,000)	(214,640)	-	-
Increase (decrease) in net position	1,134,380	480,740	1,035,784	372,692	2,170,164	853,432
Net Position, Beginning	13,997,506	13,814,087	20,157,835	19,487,822	34,155,341	33,301,909
Prior period adjustment	5,919	(297,321)	(5,919)	297,321	-	-
Net Position, Beginning of year, as restated	14,003,425	13,516,766	20,151,916	19,785,143	34,155,341	33,301,909
Net Position, Ending	\$15,137,805	\$13,997,506	\$21,187,700	\$20,157,835	\$36,325,505	\$34,155,341

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

The City's total revenues were \$12,928,069; the total cost of all programs and services was \$10,757,905 leaving an increase in net position of \$2,170,164. Our analysis below separately considers the operations of governmental and business-type activities:

### ***Governmental Activities***

Government activities net position increased by \$1,134,380. This overall increase was due to a change in combined governmental fund balance of \$134,228, changes in general fixed assets of (\$421,912), proceeds from borrowing of \$-0-, principal payments on debt of \$509,070, a change in accrued interest of \$7,017, adjustments due to amortization of deferred amounts on bond of \$4,421, internal service fund activity of \$29,667, change in pension liability and related of \$897,621 for MERS, change pension liability and related of (\$4,556) for the Police and Fire Retirement System, and a change in compensated absences of (\$21,176).

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	\$2,376,962	\$411,183
Public Safety	1,324,337	1,183,738
Public Works	1,734,438	639,201

### ***Business-type Activities***

Business-type activities net position increased by \$1,035,784. The Sewer Fund and the Water Fund experienced a change in net position of \$147,892 and \$824,757, respectively. Construction of the Brasswire Campground was completed in the current year and the campground was open for business in August 2023 and is anticipated to be self-sustaining with user fees related to camping activities. Due to the late opening of the campground in the current year the Brasswire Campground fund experience a change in net position of (\$24,564). Lastly, the Garbage & Rubbish Fund experienced a change in net position of \$87,699.

## 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 \$4,831,662, an increase of \$134,228 from the beginning of the year.

The combined fund balance increase of \$134,228 was due to increases in the Major Street Fund and Other Governmental Funds combined with a decrease in the General Fund, Local Street Fund, and the Public Improvement Fund.

The majority of the increase in the current year is the result of the Senior Center Capital Projects Fund receiving nearly \$390,000 in final federal reimbursement for the construction of the new Senior Center that was opened in 2021.

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

### General Fund Budgetary Highlights

When adopting the budget, the City budgets revenues conservatively. As a result, General Fund revenues came in \$150,364 more than the final budget, not including other financing sources. The largest change between the original budgeted revenues and final budgeted revenues was for the \$1,776,032 in the Michigan Department of Treasury's *Protecting MI Pension Grant Program* grant awarded to the City. Budgeting for the grant also accounts for the largest change in budget for within the General Government spending category.

Throughout the year the City Council adopts various budget amendments to better align the budget to actual results of the current year's activities. Additional budget amendments for 2023 were presented after year end and the City Council did not approve these additional amendments for the 2023 budget. As a result, the City has expenditures over appropriations in multiple funds and categories as noted in the financial statement and notes to the financial statements. Despite various budget categories coming in over budget the City's overall change in fund balance of (\$218,940) was less than the projected change of (\$254,454).

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2023, the City had \$38,116,060 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)**

	2023			2022
	Governmental Activities	Business-type Activities	Total	Total
Land	\$1,280,750	\$10,888	\$1,291,638	\$1,291,638
Historical treasures	135,275	-	135,275	135,275
Construction in progress	641,389	1,136,798	1,778,187	1,481,398
Land improvements	2,495,309	307,301	2,802,610	2,449,042
Buildings and improvements	5,238,120	19,008	5,257,128	5,498,179
Equipment and vehicles	1,852,236	159,032	2,011,268	1,686,269
Infrastructure	7,825,030	-	7,825,030	7,993,966
Sewer system and equipment	-	4,359,834	4,359,834	4,667,427
Water system and equipment	-	12,655,090	12,655,090	13,044,964
Total	<u>\$19,468,109</u>	<u>\$18,647,951</u>	<u>\$38,116,060</u>	<u>\$38,248,158</u>

#### Governmental Activities

During the year, the City placed into service various road projects. Through the City's Public Improvement millage the City purchased a new Police vehicle, new radios, thermal imaging equipment, a lawn mower, playground equipment, cemetery fencing, caving ground fencing, storm sewer, and new air conditioner units at the Carnegie Library.

The City also began work on a Teal Lake Water Trail Project, various road improvements, and put a downpayment on construction of a new skate park. The majority of these projects are expected to be completed in fiscal year 2024.

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

The City also made various purchases for vehicles and equipment in its Motor Pool Fund including purchasing two pick up trucks, a 2018 Hitachi Excavator, and a new John Deere Backhoe. The City also traded in an old excavator toward the purchase of the 2018 Hitachi Excavator.

Other than the trade in of the old excavator, the City also disposed of other pieces of equipment in the current year. All assets were completely depreciated.

### Business-Type Activities

In 2023 the City began the preliminary stages of replacing existing sewage disposal system via the Clean Water State Revolving Fund (CWSRF) Project. Total project costs are estimated to be \$16 million and the project is being funded partially through an \$8.025 million grant from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) and the remainder of the project is being funded through the City's issuance of \$8.025 million revenue bonds.

Additionally, the City began the preliminary stages of a Drinking Water State Revolving Fund project. The City has been earmarked by the Michigan Department of Environment, Great lakes, and Energy (EGLE) to receive a grant and State funding to make a significant overhaul of the City's drinking water infrastructure. The project is estimated to cost approximately \$20 million with \$9,896,800 in American Rescue Plan grant funding, \$9,893,400 in loan funds through the federal Drinking Water State Revolving Fund. Additional funding includes \$170,000 for Lead Service Line Costs, \$86,700 for Bipartisan Infrastructure Law (BIL) DWSRF loan with \$83,300 qualifying for principal forgiveness for addressing lead pipes in the system.

During the year, the City opened the new campground at the end of Malton Road, Brasswire Campground. As a result, this asset was removed from construction in progress and placed into service the current fiscal year.

The only disposal of business-type activities assets in the current year was a pickup truck in the Sewer Fund. The asset was fully depreciated.

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

### **Debt**

At year-end, the City had \$19,084,303 in bonds and notes outstanding as depicted in Table 5 below.

**Table 5**  
**Outstanding Debt at Year-End**

	2023			2022 Total
	Governmental Activities	Business-type Activities	Total	
General Obligation Bonds	\$7,295,679	\$2,775,321	\$10,071,000	\$10,621,277
Refunding Bonds	675,705	-	675,705	766,220
Revenue Bonds	-	8,064,000	8,064,000	8,225,000
Contracts and notes payable	273,598	-	273,598	192,089
Total	<u>\$8,244,982</u>	<u>\$10,839,321</u>	<u>\$19,084,303</u>	<u>\$19,804,586</u>

During the year the City recorded a lease payable for the 2018 Hitachi Excavator. The City also issued \$8,025,000 in Sewer Revenue Bonds to offset the costs of the CWSRF project; however, as of December 31, 2023 no draws had been taken on the bond.

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

During the year the City made principal payments on governmental activities and business-type activities debt payments in the amount of \$606,100, and \$309,212.

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 factor's considered when setting the fiscal year 2024 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.

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 \$957,753 in State Revenue Sharing for fiscal year 2024.

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 Marji 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, combined with a local match, resulted in the construction of a rustic campground on Malton Road. The campground was completed in 2023 and has so far been booked camping, wedding related events, and a new 24 hour race taking place in August of 2024. 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, 2023

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,406,352	\$ 4,490,598	\$ 8,896,950	\$ 408,417
Investments	976,659	55,944	1,032,603	16,490
Receivables, net	2,699,872	881,087	3,580,959	267,667
Primary government internal balances	-	-	-	-
Advance to primary government	-	-	-	409,719
Prepays and other assets	133,481	5,966	139,447	-
Non-current Assets:				
Cash and cash equivalents - restricted	-	1,061,216	1,061,216	-
Investment in Wastewater Treatment Facility	-	3,611,766	3,611,766	-
Investment in Joint Water Authority	-	3,507,323	3,507,323	-
Capital assets:				
Land, construction in progress and other non-depreciable assets	2,057,414	1,147,686	3,205,100	-
Other capital assets, net of depreciation	17,410,695	17,500,265	34,910,960	1,288,521
Total Capital Assets	19,468,109	18,647,951	38,116,060	1,288,521
<b>TOTAL ASSETS</b>	<b>27,684,473</b>	<b>32,261,851</b>	<b>59,946,324</b>	<b>2,390,814</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pension	2,108,119	513,720	2,621,839	-
Contributions subsequent to measurement date	359,904	-	359,904	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,468,023</b>	<b>513,720</b>	<b>2,981,743</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	451,830	112,708	564,538	900
Advance from component unit	409,719	-	409,719	-
Customer deposits payable	-	200,951	200,951	-
Accrued liabilities	136,779	21,421	158,200	239
Accrued interest	52,017	25,646	77,663	6,195
Unearned revenue	-	-	-	-
Non-current Liabilities:				
Portion due or payable within one year:				
Bonds payable	497,907	313,608	811,515	124,485
Notes payable	84,186	-	84,186	-
Compensated absences	-	-	-	-
Portion due or payable after one year:				
Bonds payable	7,508,840	10,525,713	18,034,553	850,725
Notes payable	189,412	-	189,412	-
Compensated absences	229,659	15,177	244,836	-
Net pension liability (asset)	2,820,119	353,470	3,173,589	-
<b>TOTAL LIABILITIES</b>	<b>12,380,468</b>	<b>11,568,694</b>	<b>23,949,162</b>	<b>982,544</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	2,178,208	-	2,178,208	267,668
Deferred amounts related to pension	456,015	9,337	465,352	-
Unavailable revenue	-	9,840	9,840	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,634,223</b>	<b>19,177</b>	<b>2,653,400</b>	<b>267,668</b>
<b>NET POSITION</b>				
Net investment in capital assets	16,702,806	17,703,040	34,405,846	313,311
Restricted	3,929,834	1,020,215	4,950,049	409,719
Unrestricted	(5,494,835)	2,464,445	(3,030,390)	417,572
<b>TOTAL NET POSITION</b>	<b>\$ 15,137,805</b>	<b>\$ 21,187,700</b>	<b>\$ 36,325,505</b>	<b>\$ 1,140,602</b>

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

City of Ishpeming, Michigan

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 2,376,962	\$ 187,927	\$ 1,777,852	\$ -	\$ (411,183)	\$ -	\$ (411,183)	\$ -
Public safety	1,324,337	71,371	69,228	-	(1,183,738)	-	(1,183,738)	-
Public works	1,734,438	-	1,095,237	-	(639,201)	-	(639,201)	-
Community and economic development	107,396	-	74,562	-	(32,834)	-	(32,834)	-
Recreation and culture	673,252	60,028	70,622	-	(542,602)	-	(542,602)	-
Capital outlay	101,250	-	398,536	-	297,286	-	297,286	-
Interest on long-term debt	192,081	-	-	-	(192,081)	-	(192,081)	-
Total Governmental Activities	6,509,716	319,326	3,486,037	-	(2,704,353)	-	(2,704,353)	-
Business-Type Activities:								
Sewer	1,590,751	1,736,761	-	-	-	146,010	146,010	-
Water	1,815,527	2,547,694	-	128,197	-	860,364	860,364	-
Brasswire Campground	28,429	3,865	-	-	-	(24,564)	(24,564)	-
Garbage & Rubbish	813,482	901,114	-	-	-	87,632	87,632	-
Total Business-Type Activities	4,248,189	5,189,434	-	128,197	-	1,069,442	1,069,442	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 10,757,905</b>	<b>\$ 5,508,760</b>	<b>\$ 3,486,037</b>	<b>\$ 128,197</b>	<b>(2,704,353)</b>	<b>1,069,442</b>	<b>(1,634,911)</b>	<b>-</b>
<b>Component Unit:</b>								
Downtown Development Authority	\$ 190,905	\$ -	\$ 1,200	\$ -	-	-	-	(189,705)
General Revenues:								
Property taxes					2,580,500	-	2,580,500	260,610
Unrestricted intergovernmental sources					1,031,941	-	1,031,941	-
Interest and investment earnings					40,997	2,342	43,339	774
Fines and Forfeitures					51,356	-	51,356	-
Miscellaneous					97,939	-	97,939	-
Gain/(loss) on sale of assets					-	-	-	-
Transfers					36,000	(36,000)	-	-
<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>					<b>3,838,733</b>	<b>(33,658)</b>	<b>3,805,075</b>	<b>261,384</b>
<b>CHANGE IN NET POSITION</b>					<b>1,134,380</b>	<b>1,035,784</b>	<b>2,170,164</b>	<b>71,679</b>
Net position, beginning of year, as restated					14,003,425	20,151,916	34,155,341	1,068,923
<b>NET POSITION, END OF YEAR</b>					<b>\$ 15,137,805</b>	<b>\$ 21,187,700</b>	<b>\$ 36,325,505</b>	<b>\$ 1,140,602</b>

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

**City of Ishpeming, Michigan**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

December 31, 2023

		<b>Special Revenue</b>		<b>Capital Projects</b>		
	<b>General Fund</b>	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>Public Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 850,638	\$ 767,521	\$ 656,815	\$ 629,817	\$ 1,019,701	\$ 3,924,492
Investments	48,000	-	-	-	928,659	976,659
Accounts receivable, net	42,712	360	-	-	-	43,072
Taxes receivable	1,551,683	-	-	516,534	111,991	2,180,208
Other receivable	7,765	-	-	-	-	7,765
Due from other governments	290,579	125,299	52,949	-	-	468,827
Due from other funds	185,867	-	-	-	-	185,867
Inventory	60,745	-	-	-	-	60,745
Prepays	72,736	-	-	-	-	72,736
<b>TOTAL ASSETS</b>	<u>3,110,725</u>	<u>893,180</u>	<u>709,764</u>	<u>1,146,351</u>	<u>2,060,351</u>	<u>7,920,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 3,110,725</u>	<u>\$ 893,180</u>	<u>\$ 709,764</u>	<u>\$ 1,146,351</u>	<u>\$ 2,060,351</u>	<u>\$ 7,920,371</u>
<b>LIABILITIES</b>						
Cash overdrafts	\$ -	\$ -	\$ -	\$ -	\$ 17,769	\$ 17,769
Accounts payable	97,995	43,510	796	18,524	3,000	163,825
Due to component unit	409,719	-	-	-	-	409,719
Accrued payroll and related	128,669	3,030	1,622	-	-	133,321
Accrued sick and vacation leave	-	-	-	-	-	-
Due to other funds	-	-	-	-	185,867	185,867
Unearned revenue	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>636,383</u>	<u>46,540</u>	<u>2,418</u>	<u>18,524</u>	<u>206,636</u>	<u>910,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes levied for a subsequent period	1,549,683	-	-	516,534	111,991	2,178,208
Unavailable revenue	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,549,683</u>	<u>-</u>	<u>-</u>	<u>516,534</u>	<u>111,991</u>	<u>2,178,208</u>
<b>FUND BALANCE</b>						
Non-spendable	133,481	-	-	-	988,983	1,122,464
Restricted	-	846,640	707,346	611,293	642,091	2,807,370
Committed	-	-	-	-	-	-
Assigned	960	-	-	-	110,650	111,610
Unassigned	790,218	-	-	-	-	790,218
<b>TOTAL FUND BALANCE</b>	<u>924,659</u>	<u>846,640</u>	<u>707,346</u>	<u>611,293</u>	<u>1,741,724</u>	<u>4,831,662</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 3,110,725</u>	<u>\$ 893,180</u>	<u>\$ 709,764</u>	<u>\$ 1,146,351</u>	<u>\$ 2,060,351</u>	<u>\$ 7,920,371</u>

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, 2023

**Total Fund Balances for Governmental Funds** \$ 4,831,662

*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	\$ 2,057,414	
Other capital assets, net of depreciation	<u>16,259,443</u>	18,316,857

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) asset -		
Michigan Municipal Employees' Retirement System	(138,828)	
Police and Fire Retirement System	(2,681,291)	
Deferred outflows of resources related to pension -		
Michigan Municipal Employees' Retirement System	974,981	
Police and Fire Retirement System	1,133,138	
Employer contributions subsequent to measurement date		
Police and Fire Retirement System	359,904	
Deferred (inflows) of resources related to net pension liability		
Michigan Municipal Employees' Retirement System	(15,935)	
Police and Fire Retirement System	<u>(440,080)</u>	(808,111)

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 internal service funds are included in governmental activities in the statement of net position, net of capital assets.

Net position	<u>1,075,275</u>	1,075,275
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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	(202,515)	
Current portion of pension obligation bonds payable	(295,392)	
Current portion of notes and contracts payable	-	
Accrued interest on debt	(46,425)	
Compensated absences	(224,706)	
Long-term bonds payable	(2,289,190)	
Long-term pension obligation bonds payable	(5,184,287)	
Long-term contracts and notes payable	-	
Deferred amounts on bonds	(35,363)	
Deferred gain on refunding	<u>-</u>	(8,277,878)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 15,137,805</u></u>	
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The accompanying notes are an integral part of these financial statements.

**City of Ishpeming, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2023

		<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Public</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Improvement</u>	<u>Governmental</u>	<u>Governmental</u>
				<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>REVENUES:</b>						
Taxes	\$ 1,797,967	\$ -	\$ -	\$ 546,918	\$ 117,442	\$ 2,462,327
Federal sources	1,820	-	-	-	473,098	474,918
State sources	2,995,373	782,755	312,482	-	13,939	4,104,549
Licenses and permits	173,169	-	-	-	-	173,169
Charges for service	114,848	-	-	-	20,400	135,248
Interest income and rentals	25,958	121	127	172	15,021	41,399
Contributions	9,008	-	-	3,100	46,497	58,605
Fines and forfeitures	60,343	-	-	-	-	60,343
Other revenues	85,955	-	-	10,383	1,200	97,538
<b>TOTAL REVENUES</b>	<u>5,264,441</u>	<u>782,876</u>	<u>312,609</u>	<u>560,573</u>	<u>687,597</u>	<u>7,608,096</u>
<b>EXPENDITURES:</b>						
Current Operations:						
General government	2,861,387	-	-	-	-	2,861,387
Public safety	1,190,951	-	-	-	-	1,190,951
Public works	610,100	598,043	467,156	-	-	1,675,299
Community and economic development	107,396	-	-	-	-	107,396
Recreation and culture	494,440	-	-	-	102,820	597,260
Debt service:						
Principal	242,024	22,132	27,632	55,813	161,192	508,793
Interest and fiscal charges	106,783	9,727	12,145	7,130	68,011	203,796
Capital outlay	-	-	-	418,081	16,905	434,986
<b>TOTAL EXPENDITURES</b>	<u>5,613,081</u>	<u>629,902</u>	<u>506,933</u>	<u>481,024</u>	<u>348,928</u>	<u>7,579,868</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(348,640)</u>	<u>152,974</u>	<u>(194,324)</u>	<u>79,549</u>	<u>338,669</u>	<u>28,228</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	135,700	-	-	-	156,403	292,103
Transfers (out)	(6,000)	-	-	(150,403)	(29,700)	(186,103)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>129,700</u>	<u>-</u>	<u>-</u>	<u>(150,403)</u>	<u>126,703</u>	<u>106,000</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(218,940)</u>	<u>152,974</u>	<u>(194,324)</u>	<u>(70,854)</u>	<u>465,372</u>	<u>134,228</u>
Fund balance, beginning of year, as restated	<u>1,143,599</u>	<u>693,666</u>	<u>901,670</u>	<u>682,147</u>	<u>1,276,352</u>	<u>4,697,434</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 924,659</u>	<u>\$ 846,640</u>	<u>\$ 707,346</u>	<u>\$ 611,293</u>	<u>\$ 1,741,724</u>	<u>\$ 4,831,662</u>

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, 2023

**Net Change in Fund Balances - Total Governmental Funds** \$ 134,228

*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	\$ 417,100	
Depreciation expense	(839,012)	
Net book value of disposed assets	<u>-</u>	(421,912)

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.

509,070

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

7,017

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	4,421
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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	29,667
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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	897,621	
Pension liability expense - Fire-Police Retirement	(4,556)	
Compensated absences	<u>(21,176)</u>	<u>871,889</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 1,134,380**

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

City of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

December 31, 2023

	Business-type Activities Enterprise Funds					Internal Service Funds
	Major		Non-major			
	Sewer Fund	Water Fund	Brasswire Campground Fund	Garbage & Rubbish Fund	Total	Motor Pool Fund
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 1,972,075	\$ 2,190,295	\$ -	\$ 414,788	\$ 4,577,158	\$ 499,629
Investments	55,944	-	-	-	55,944	-
Accounts receivable	258,956	455,542	-	145,246	859,744	-
Allowance for uncollectible accounts	-	-	-	-	-	-
Delinquent utilities	10,914	-	-	-	10,914	-
Due from other governmental units	-	10,429	-	-	10,429	-
Prepays	2,983	2,983	-	-	5,966	-
Non-current Assets:						
Cash and cash equivalents - restricted	-	1,061,216	-	-	1,061,216	-
Investment in Wastewater Treatment Facility	3,611,766	-	-	-	3,611,766	-
Investment in Joint Water Authority	-	3,507,323	-	-	3,507,323	-
Advance to other funds	103,123	103,123	-	-	206,246	-
Capital Assets:						
Land and construction in progress	565,943	581,743	-	-	1,147,686	-
Other capital assets, net of depreciation	4,493,527	12,699,437	307,301	-	17,500,265	1,151,252
Total Capital Assets	5,059,470	13,281,180	307,301	-	18,647,951	1,151,252
<b>TOTAL ASSETS</b>	11,075,231	20,612,091	307,301	560,034	32,554,657	1,650,881
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amounts related to pension	193,755	319,965	-	-	513,720	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	193,755	319,965	-	-	513,720	-
<b>LIABILITIES</b>						
Current Liabilities:						
Cash overdrafts	-	-	86,560	-	86,560	-
Accounts payable	1,806	81,056	-	29,846	112,708	288,005
Customer deposits payable	-	200,951	-	-	200,951	-
Accrued payroll and related	7,825	13,466	-	130	21,421	3,458
Accrued interest	4,921	20,725	-	-	25,646	5,592
Due to other funds	-	-	-	-	-	-
Non-current Liabilities:						
Portion due or payable within one year						
Revenue bonds	-	164,000	-	-	164,000	-
Pension obligation bonds	63,055	86,553	-	-	149,608	-
Notes payable	-	-	-	-	-	84,186
Compensated absences	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Portion due or payable after one year						
Revenue bonds	-	7,900,000	-	-	7,900,000	-
Pension obligation bonds	1,106,673	1,519,040	-	-	2,625,713	-
Notes payable	-	-	-	-	-	189,412
Compensated absences	-	15,177	-	-	15,177	4,953
Advance from other funds	-	-	206,246	-	206,246	-
Net pension liability (asset)	(171,325)	524,795	-	-	353,470	-
<b>TOTAL LIABILITIES</b>	1,012,955	10,525,763	292,806	29,976	11,861,500	575,606
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred amounts related to pension	9,337	-	-	-	9,337	-
Unavailable revenue	-	-	-	9,840	9,840	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	9,337	-	-	9,840	19,177	-
<b>NET POSITION</b>						
Net investment in capital assets	8,671,236	8,724,503	307,301	-	17,703,040	877,654
Restricted:						
Debt service	-	1,020,215	-	-	1,020,215	-
Unrestricted	1,575,458	661,575	(292,806)	520,218	2,464,445	197,621
<b>TOTAL NET POSITION</b>	\$ 10,246,694	\$ 10,406,293	\$ 14,495	\$ 520,218	\$ 21,187,700	\$ 1,075,275

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, 2023

	Business-type Activities Enterprise Funds					Internal Service Funds
	Major		Non-major			
	Sewer Fund	Water Fund	Brasswire Campground Fund	Garbage & Rubbish Fund	Total	Motor Pool Fund
OPERATING REVENUES:						
Rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,188
Charges for services	1,736,761	2,545,487	3,865	901,114	5,187,227	-
Other operating revenue	-	2,207	-	-	2,207	21,331
TOTAL OPERATING REVENUES	1,736,761	2,547,694	3,865	901,114	5,189,434	803,519
OPERATING EXPENSES:						
Personal services	104,413	251,429	7,922	30,112	393,876	208,340
Contractual services	706,200	674,337	8,306	728,634	2,117,477	7,821
Supplies	22,147	141,488	6,415	1,417	171,467	234,857
Utilities	4,080	22,651	-	2,970	29,701	-
Depreciation	452,499	397,793	-	-	850,292	162,611
Equipment rental	41,199	80,517	5,786	35,051	162,553	-
Other expenses	109,335	46,787	-	15,298	171,420	94,684
TOTAL OPERATING EXPENSES	1,439,873	1,615,002	28,429	813,482	3,896,786	708,313
OPERATING INCOME	296,888	932,692	(24,564)	87,632	1,292,648	95,206
NON-OPERATING REVENUES (EXPENSES):						
Interest (expense)	(27,403)	(200,525)	-	-	(227,928)	(20,626)
Gain/(loss) on wastewater facility	(123,475)	-	-	-	(123,475)	-
Gain/(loss) on sale of assets	-	-	-	-	-	24,971
Interest income	1,882	393	-	67	2,342	116
TOTAL NON-OPERATING REVENUES (EXPENSES)	(148,996)	(200,132)	-	67	(349,061)	4,461
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	147,892	732,560	(24,564)	87,699	943,587	99,667
State sources	-	128,197	-	-	128,197	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(36,000)	-	-	(36,000)	(70,000)
CHANGE IN NET POSITION	147,892	824,757	(24,564)	87,699	1,035,784	29,667
Net position, beginning of year, as restated	10,098,802	9,581,536	39,059	432,519	20,151,916	1,045,608
NET POSITION, END OF YEAR	\$ 10,246,694	\$ 10,406,293	\$ 14,495	\$ 520,218	\$ 21,187,700	\$ 1,075,275

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, 2023

	Business-type Activities Enterprise Funds					Internal Service Funds
	Major		Non-Major			
	Sewer Fund	Water Fund	Brasswire Campground Fund	Garbage & Rubbish Fund	Total	Motor Pool Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from fees and charges for services	\$ 1,763,720	\$ 2,542,438	\$ 3,865	\$ 930,877	\$ 5,240,900	\$ -
Other operating revenues	-	(7,264)	-	-	(7,264)	803,519
Cash payments to employees for services	(292,233)	(507,930)	(7,922)	(30,027)	(838,112)	(207,809)
Cash payments to suppliers for goods and services	(891,084)	(921,201)	(20,507)	(763,431)	(2,596,223)	(54,468)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>580,403</b>	<b>1,106,043</b>	<b>(24,564)</b>	<b>137,419</b>	<b>1,799,301</b>	<b>541,242</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Increase (decrease) in cash overdraft	-	-	25,247	-	25,247	-
(Increase) decrease in due from/advance to other funds	-	-	-	-	-	-
Increase (decrease) in due to/advance from other funds	-	-	-	-	-	-
Transfers in (out)	-	(36,000)	-	-	(36,000)	(70,000)
Proceeds from pension obligation bonds	-	-	-	-	-	-
Principal on pension obligation bonds	(62,445)	(85,767)	-	-	(148,212)	-
Interest on pension obligation bonds	(27,403)	(37,614)	-	-	(65,017)	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(89,848)</b>	<b>(159,381)</b>	<b>25,247</b>	<b>-</b>	<b>(223,982)</b>	<b>(70,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments on debt	-	(161,000)	-	-	(161,000)	(97,030)
Interest paid on debt	-	(162,911)	-	-	(162,911)	(15,034)
Proceeds from borrowing	-	-	-	-	-	195,029
Cash payments for capital assets	(675,170)	(98,761)	(683)	-	(774,614)	(528,103)
Proceeds sale of capital assets	-	-	-	-	-	24,971
Proceeds from federal and state grants for capital assets	-	128,197	-	-	128,197	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(675,170)</b>	<b>(294,475)</b>	<b>(683)</b>	<b>-</b>	<b>(970,328)</b>	<b>(420,167)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
(Increase) decrease in investments	(1,415)	-	-	-	(1,415)	-
Investment income	1,882	393	-	67	2,342	116
(Increase) decrease in restricted assets	-	(173,311)	-	-	(173,311)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>467</b>	<b>(172,918)</b>	<b>-</b>	<b>67</b>	<b>(172,384)</b>	<b>116</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(184,148)</b>	<b>479,269</b>	<b>-</b>	<b>137,486</b>	<b>432,607</b>	<b>51,191</b>
Cash and cash equivalents, beginning of year	2,156,223	1,711,026	-	277,302	4,144,551	448,438
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,972,075</b>	<b>\$ 2,190,295</b>	<b>\$ -</b>	<b>\$ 414,788</b>	<b>\$ 4,577,158</b>	<b>\$ 499,629</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 296,888	\$ 932,692	\$ (24,564)	\$ 87,632	\$ 1,292,648	\$ 95,206
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	452,499	397,793	-	-	850,292	162,611
Change in assets and liabilities:						
(Increase) decrease in accounts receivable, net	26,959	(3,049)	-	19,923	43,833	-
(Increase) decrease in due from other governmental units	-	(9,471)	-	-	(9,471)	-
(Increase) decrease in prepaid	(2,983)	(2,983)	-	-	(5,966)	-
Increase (decrease) in accounts payable	(5,140)	33,049	-	19,939	47,848	282,894
Increase (decrease) in customer deposits payable	-	14,513	-	-	14,513	-
Increase (decrease) in accrued payroll	3,843	5,071	-	85	8,999	994
Increase (decrease) in accrued sick and vacation	(61)	1,774	-	-	1,713	(463)
Increase (decrease) in net pension liability and related	(191,602)	(263,346)	-	-	(454,948)	-
Increase (decrease) in unavailable revenue	-	-	-	9,840	9,840	-
<b>NET ADJUSTMENTS</b>	<b>283,515</b>	<b>173,351</b>	<b>-</b>	<b>49,787</b>	<b>506,653</b>	<b>446,036</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 580,403</b>	<b>\$ 1,106,043</b>	<b>\$ (24,564)</b>	<b>\$ 137,419</b>	<b>\$ 1,799,301</b>	<b>\$ 541,242</b>

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

**City of Ishpeming, Michigan**

**FIDUCIARY FUNDS**

**STATEMENTS OF FIDUCIARY NET POSITION**

December 31, 2023

	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>	
	<b>Police Pension Trust Fund</b>	<b>Trust &amp; Agency Fund</b>	<b>Tax Collection Fund</b>
<b>ASSETS</b>			
Cash and equivalents	\$ 131,237	\$ 36,768	\$ 1,522,213
Investments	4,745,784	-	-
Taxes receivable	313,152	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
<b>TOTAL ASSETS</b>	<b>5,190,173</b>	<b>36,768</b>	<b>1,522,213</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>			
Accounts payable	-	-	26,216
Due to others	-	36,768	4,427
Due to other governmental units	-	-	1,491,570
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>36,768</b>	<b>1,522,213</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for a subsequent period	313,152	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>313,152</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Restricted for:			
Pensions	4,877,021	-	-
<b>TOTAL NET POSITION</b>	<b>\$ 4,877,021</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2023

	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>	
	<b>Police Pension Trust Fund</b>	<b>Trust &amp; Agency Fund</b>	<b>Tax Collection Fund</b>
<b>ADDITIONS:</b>			
Contributions:			
Taxes	\$ 359,904	\$ -	\$ -
Employer	-	-	-
Employee	35,787	-	-
Gifts, bequests and endowments	-	-	-
Total Contributions	<u>395,691</u>	<u>-</u>	<u>-</u>
Investment Income:			
Net appreciation (depreciation) in fair value of investments	558,956	-	-
Interest and dividends	167,523	-	-
Administrative expense	(25,000)	-	-
Net Investment Income (Loss)	<u>701,479</u>	<u>-</u>	<u>-</u>
Other Additions:			
Collections for individuals, organizations, and other governments	-	54,445	-
Property tax collections for other governments	-	-	4,617,371
Total Other Additions	<u>-</u>	<u>54,445</u>	<u>4,617,371</u>
<b>TOTAL ADDITIONS</b>	<u>1,097,170</u>	<u>54,445</u>	<u>4,617,371</u>
<b>DEDUCTIONS:</b>			
Benefits and annuity withdrawals	483,843	-	-
Refunds of contributions	-	-	-
Other expenditures	6,477	-	-
Payments to individuals, organizations, and other governments	-	54,445	-
Payments of property tax collections for other governments	-	-	4,617,371
<b>TOTAL DEDUCTIONS</b>	<u>490,320</u>	<u>54,445</u>	<u>4,617,371</u>
<b>CHANGE IN NET POSITION</b>	<u>606,850</u>	<u>-</u>	<u>-</u>
Net position, beginning of year	<u>4,270,171</u>	<u>-</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 4,877,021</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CITY OF ISHPEMING, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023**

**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 31<sup>st</sup> 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, 2023, is as follows:

Total Assets	\$2,413,021
Total Liabilities	149,444
Total Net Position	2,263,577
Total Operating Revenues	883,808
Total Operating Expenses	1,053,826
Total Non-Operating Revenues (expenses)	17,030
Capital Grant Contributions	345,393
Net Increase (Decrease) in Net Position	192,405

### 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, water, campground, and garbage 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).
- *Debt Service Funds* – Debt Service Funds are used to account for the payment of interest and principal on long-term debt obligations.
- *Permanent Funds* – Permanent Funds are used to account for assets held by the City pursuant to a trust agreement. The principal 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.
- *Internal Service Funds* – Internal Service funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis.

### *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 **Special Revenue – 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 **Special Revenue – Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.
- The **Capital Projects – 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 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 internal service funds are presented in the proprietary funds' financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public works, etc.)

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



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

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.

### **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:

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

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

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.

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

### 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.

### 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:

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.

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

The government reports deferred inflows of resources for grant funds that are not available, but for which expenses have been incurred. For the year ended December 31, 2023 the City incurred expenses related to various grants, but the funds were not received within the 60-day window under the modified accrual method of accounting.

### 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.

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

### 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.”

#### *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 1<sup>st</sup> 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.

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

### *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.

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.

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

### 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 30, 2024, 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	\$8,896,950	\$-	\$408,417	\$9,305,367
Restricted	1,061,216	1,690,218	-	2,751,434
TOTAL	<u>\$9,958,166</u>	<u>\$1,690,218</u>	<u>\$408,417</u>	<u>\$12,056,801</u>
Investments:				
Unrestricted	\$1,032,603	\$-	\$16,490	\$1,049,093
Restricted	-	4,745,784	-	4,745,784
TOTAL	<u>\$1,032,603</u>	<u>\$4,745,784</u>	<u>\$16,490</u>	<u>\$5,794,877</u>

*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, 2023, the carrying amount of the City's deposits with financial institutions was \$12,056,801 and the bank balance was \$11,138,204, of which, \$642,646 or approximately 6% 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	\$642,646
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	10,495,558
TOTAL REPORTING ENTITY	<u>\$11,138,204</u>

## 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, 2023, the City had the following investments:

	Level	Fair Value	Investment Maturity (in Years)			
			Less Than 1	1-5	6-10	More Than 10
<b>PRIMARY GOVERNMENT:</b>						
CDs and money market	2	\$913,301	\$811,009	\$102,292	\$-	\$-
U.S. Government Agencies	1	119,302	35,044	84,258	-	-
U.S. Treasury Bonds	1	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT		<u>\$1,032,603</u>	<u>\$846,053</u>	<u>\$186,550</u>	<u>\$-</u>	<u>\$-</u>
<b>FIDUCIARY FUNDS:</b>						
Mutual Equity Funds	1	\$3,179,556	\$-	\$-	\$-	\$3,179,556
Mutual Equity Index Funds	1	1,566,228	-	-	-	1,566,228
TOTAL FIDUCIARY		<u>\$4,745,784</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,745,784</u>
<b>COMPONENT UNIT:</b>						
CDs and money market	2	\$16,490	\$16,490	\$-	\$-	\$-
TOTAL COMPONENT UNIT		<u>\$16,490</u>	<u>\$16,490</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

*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.

## NOTE C – INVESTMENTS (Continued):

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, 2023	
		Required Balance	Actual Balance
<b>I. Construction accounts</b>			
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.	\$-	\$-
<b>II. Bond payment accounts</b>			
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.	\$81,320	\$122,320
b.	2023 Sewage Disposal System Revenue Bond, the amount set aside each month for interest on the Bonds shall be 1/6 of the total interest and 1/12 of the principal coming due on the next payment.	-	-
<b>III. Bond reserve accounts</b>			
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.	210,000	210,000
<b>IV. Capital improvement accounts</b>			
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.			



**NOTE D – RESTRICTED ASSETS (Continued):**

	December 31, 2023	
	Required Balance	Actual Balance
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.	222,031	222,031
b. 2023 Sewage Disposal System Revenue Bond, such additional funds as the City may deem advisable.	-	-

**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	\$506,864	\$506,865
b. 2023 Sewage Disposal System Revenue Bond, sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System.	-	-
Total	<u>\$1,020,215</u>	<u>\$1,061,216</u>

**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	\$2,180,208	\$-	\$2,180,208
Accounts receivable	43,072	-	43,072
Utilities receivable	-	859,744	859,744
Delinquent utilities receivable	-	10,914	10,914
Other receivables	7,765	-	7,765
Due from other government units	468,827	10,429	479,256
Total	<u>\$2,699,872</u>	<u>\$881,087</u>	<u>\$3,580,959</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 the end of the fiscal year are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
		Perpetual Care Fund	\$160,560
		Cemetery Care Fund	25,307
General Fund	<u>\$185,867</u>	Total	<u>\$185,867</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.

The transfers between funds for the fiscal year are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
		Partridge Creek Compost	\$14,000
		Perpetual Care Fund	15,000
		Cemetery Care Fund	700
		Water Fund	36,000
		Motor Pool Fund	70,000
General Fund	<u>\$135,700</u>	Total	<u>\$135,700</u>
Library State Aid Fund	<u>\$6,000</u>	General Fund	<u>\$6,000</u>
Senior Center Fund	\$6,000		
Building Authority Fund	144,403		
Total	<u>\$150,403</u>	Public Improvement Fund	<u>\$150,403</u>

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 – ADVANCES TO/FROM OTHER FUNDS:**Advances within Primary Government

The City's Water and Sewer Funds each advanced the City's Brasswire Campground Fund a total of \$206,246 in fiscal year 2022. The funds are being borrowed at an interest rate of 3.00%. The Brasswire Campground Fund is set to begin making annual payments of \$17,305 (including interest) to each fund originally beginning in December 2024; however, due to the late opening of the campground the payments have been postponed to begin in December 2025. The advance

**NOTE G – ADVANCES TO/FROM OTHER FUNDS (Continued):**

is scheduled to be paid of in fiscal year 2030. The outstanding balance as of December 31, 2023 is \$103,123 for the Sewer Fund and \$103,123 for the Water Fund.

Advance from DDA to Primary Government

In the past the DDA advanced 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, 2023 is \$409,719.

**NOTE H – CAPITAL ASSETS:**

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

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets not being depreciated:				
Land	\$1,280,750	\$-	\$-	\$1,280,750
Historical treasures	135,275	-	-	135,275
Construction in progress	702,686	70,338	(131,635)	641,389
Subtotal	2,118,711	70,338	(131,635)	2,057,414
Capital assets being depreciated:				
Land improvements	3,345,633	148,261	-	3,493,894
Buildings and improvements	14,350,979	15,545	-	14,366,524
Equipment and vehicles	6,465,722	659,076	(200,166)	6,924,632
Infrastructure	10,937,559	183,618	-	11,121,177
Subtotal	35,099,893	1,006,500	(200,166)	35,906,227
Total Capital Assets	37,218,604	1,076,838	(331,801)	37,963,641
Less accumulated depreciation:				
Land improvements	(896,591)	(101,994)	-	(998,585)
Buildings and improvements	(8,873,536)	(254,868)	-	(9,128,404)
Equipment and vehicles	(4,980,355)	(292,207)	200,166	(5,072,396)
Infrastructure	(2,943,593)	(352,554)	-	(3,296,147)
Total Accumulated Depreciation	(17,694,075)	(1,001,623)	200,166	(18,495,532)
CAPITAL ASSETS, NET	\$19,524,529	\$75,215	(\$131,635)	\$19,468,109

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

Governmental Activities:	
General Government	\$496,951
Public Safety	136,592
Public Works	116,234
Community and Economic Development	-
Recreation and Culture	89,235
Internal Service Fund charged to above activities	162,611
Total Depreciation Expense	<u>\$1,001,623</u>

**NOTE H – CAPITAL ASSETS (Continued):**Construction in Progress

As of December 31, 2023, total construction in progress governmental type activities amounted to \$641,389, include the following:

Empire Street Reconstruction Project, \$620,963; the City continued the construction phase of the project which is expected to be partially funded through a grant from the Michigan Department of Transportation's Local Agency Small Urban Grant. The project is anticipated to be completed in fiscal year 2024.

Various Engineering, \$20,426; including a skate park and water trail project at Teal Lake.

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

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital assets not being depreciated:				
Land	\$10,888	\$-	\$-	\$10,888
Construction in progress	778,712	665,387	(307,301)	1,136,798
Subtotal	789,600	665,387	(307,301)	1,147,686
Capital assets being depreciated:				
Land improvements	-	307,301	-	307,301
Building and improvements	68,793	-	-	68,793
Equipment	557,059	-	(11,799)	545,260
Sewer system	17,006,490	109,227	-	17,115,717
Water system	16,561,795	-	-	16,561,795
Subtotal	34,194,137	416,528	(11,799)	34,598,866
Total Capital Assets	34,983,737	1,081,915	(319,100)	35,746,552
Less accumulated depreciation:				
Land improvements	-	-	-	-
Building and improvements	(48,057)	(1,728)	-	(49,785)
Equipment	(356,157)	(41,870)	11,799	(386,228)
Sewer system	(12,339,063)	(416,820)	-	(12,755,883)
Water system	(3,516,831)	(389,874)	-	(3,906,705)
Total Accumulated Depreciation	(16,260,108)	(850,292)	11,799	(17,098,601)
CAPITAL ASSETS, NET	\$18,723,629	\$231,623	(\$307,301)	\$18,647,951

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

Business-type Activities:	
Sewer	\$452,499
Water	397,793
Brasswire Campground	-
Total Depreciation Expense	<u>\$850,292</u>

## NOTE H – CAPITAL ASSETS (Continued):

### Construction in Progress

As of December 31, 2023, total construction in progress costs incurred amounted to \$1,136,798 in the business-type activities, including:

Clean Water State Revolving Fund Project – Sewer; in 2023 the City began the preliminary stages of replacing existing sewage disposal system in conjunction with a \$8.025 million Michigan Department of Environment, Great Lakes, and Energy (EGLE) grant. Total cost of the project is estimated to be \$16 million. The remainder of the project is being funded by an \$8.025 million revenue bonds. Total costs incurred were \$565,943.

Empire Street Reconstruction – Water; in 2021 the City began the engineering phase of the Empire Street Reconstruction. The project includes various replacement of water lines. Total costs incurred were \$472,094

Meter Replacement Project – Water; in 2023 the City began a meter replacement project in conjunction with its CWSRF Sewer Project. Total costs incurred were \$92,261.

Drinking Water State Revolving Fund – Water; in 2023 the City has been earmarked by the Michigan Department of Environment, Great lakes, and Energy (EGLE) to receive a grant and State funding to make a significant overhaul of the City's drinking water infrastructure. The project is estimated to cost approximately \$20 million with \$9,896,800 in American Rescue Plan grant funding, \$9,893,400 in loan funds through the federal Drinking Water State Revolving Fund. Additional funding includes \$170,000 for Lead Service Line Costs, \$86,700 for Bipartisan Infrastructure Law (BIL) DWSRF loan with \$83,300 qualifying for principal forgiveness for addressing lead pipes in the system. Total costs incurred were \$6,500.

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

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023
<b>COMPONENT UNIT:</b>				
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	(54,826)	(7,946)	-	(62,772)
Infrastructure	(852,637)	(105,471)	-	(958,108)
Total Accumulated Depreciation	(907,463)	(113,417)	-	(1,020,880)
CAPITAL ASSETS, NET	\$1,401,938	(\$113,417)	\$-	\$1,288,521

**NOTE H – CAPITAL ASSETS (Continued):**

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

Component Unit Activities:	
DDA	<u>\$113,417</u>
Total Depreciation Expense	<u><u>\$113,417</u></u>

**NOTE I – LONG -TERM DEBT:**

A summary of the changes in long-term obligations for the fiscal year are as follows:

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Building Authority Bonds, Series 2015. Payable semi-annually including interest of 3.25% per annum.	\$1,190,000	\$-	(\$34,000)	\$1,156,000	\$35,000
Building Authority Bonds, Series 2016. Payable semi-annually including interest of 3.125% per annum.	211,000	-	(6,000)	205,000	7,000
General Obligation Unlimited Tax Bonds, Series 2017. Payable semi- annually including interest of 3.00% to 3.125% per annum.	525,000	-	(70,000)	455,000	70,000
Snowplow Loan. Payable monthly including interest rate of 3.60%.	48,104	-	(31,777)	16,327	16,327
2021 Limited Tax General Obligation Refunding Bonds. Payable semi- annually including interest of 2.00% per annum.	766,220	-	(90,515)	675,705	90,515
Caterpillar Small Wheel Loader Lease. Payable annually including interest rate of 2.99%.	95,280	-	(30,921)	64,359	31,900
Limited Tax General Obligation Bonds, Series 2021. Payable semi-annually including interest of 0.27% to 3.16% per annum.	5,771,744	-	(292,065)	5,479,679	295,392
2020 Chevy Silverado 4500 Lease. Payable annually including interest of 4.456%	32,215	-	(10,273)	21,942	10,732
2021 Dodge Durango Lease. Payable annually including interest rate of 5.85%	16,490	-	(16,490)	-	-
2018 Hitachi Excavator Lease. Payable annually including interest rate of 4.75%	-	195,029	(24,059)	170,970	25,227
SUBTOTAL	<u>8,656,053</u>	<u>195,029</u>	<u>(606,100)</u>	<u>8,244,982</u>	<u>582,093</u>
Plus: Premium on bonds	39,784	-	(4,421)	35,363	-
SUBTOTAL	<u>8,695,837</u>	<u>-</u>	<u>(610,521)</u>	<u>8,280,345</u>	<u>-</u>
Compensated absences	214,075	21,176	(5,592)	229,659	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$8,909,912</u>	<u>\$216,205</u>	<u>(\$616,113)</u>	<u>\$8,510,004</u>	<u>\$582,093</u>

# **NOTE I – LONG -TERM DEBT (Continued):**

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Water Revenue Bonds, Series 2017. Payable semi-annually beginning June 1, 2018 including interest of 2.125%	\$8,225,000	\$-	(\$161,000)	\$8,064,000	\$164,000
Limited Tax General Obligation Bonds, Series 2021. Payable semi- annually including interest of 0.27% to 3.16% per annum.	2,923,533	-	(148,212)	2,775,321	149,608
Sewer Revenue Bonds, Series 2023. Payable semi-annually including interest of 1.875% per annum.	-	-	-	-	-
SUBTOTAL	11,148,533	-	(309,212)	10,839,321	313,608
Compensated absences	13,464	2,229	(516)	15,177	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$11,161,997</b>	<b>\$2,229</b>	<b>(\$309,728)</b>	<b>\$10,854,498</b>	<b>\$313,608</b>

	Balance at 12/31/2022	Additions	Deductions	Balance at 12/31/2023	Due Within One Year
<b>COMPONENT UNIT:</b>					
2021 Limited Tax General Obligation Refunding Bonds. Payable semi- annually including interest of 2.00% per annum.	\$1,053,780	\$-	(\$124,485)	\$929,295	\$124,485
SUBTOTAL	1,053,780	-	(124,485)	929,295	124,485
Plus: Premium on bonds	51,654	-	(5,739)	45,915	-
<b>TOTAL COMPONENT UNIT</b>	<b>\$1,105,434</b>	<b>\$-</b>	<b>(\$130,224)</b>	<b>\$975,210</b>	<b>\$124,485</b>

## 2021 Limited Tax General Obligation Refunding Bonds

On August 23, 2017, the City issued \$2,030,000 in Limited Tax General Obligation Refunding Bonds, Series 2021 with an interest rate of 2.00% to 4.0% for the purpose of refunding the 2000 Limited Tax General Obligation Building Authority Bonds, the 2002 Limited Tax General Obligation Building Authority Bonds, and the 2011 General Obligation Limited Tax Capital Improvement Bonds.

The refunding portion of the 2000 Limited Tax General Obligation Building Authority Bonds, 2002 Limited Tax General Obligation Building Authority Bonds, and the 2011 General Obligation Limited Tax Capital Improvement Bonds net proceeds of \$2,097,969, were paid to the refund bond escrow agent. As a result, the 2000 Building Authority Bonds maturing 2022 through 2030 are considered defeased and the liability for those bonds has been removed from the Governmental Activities long term debt balances. As a result, the 2002 Building Authority Bonds maturing 2022 through 2032 are considered defeased and the liability for those bonds has been removed from the Governmental Activities long term debt balances. As a result, the 2011 Capital Improvement Bonds maturing 2022 through 2030 are considered defeased and the liability for those bonds has been removed from the Governmental Activities and Component Unit long term debt balances. The deferred amounts related to the 2011 Capital Improvement Bonds has also been removed from the Governmental Activities long term debt balances.

## NOTE I – LONG -TERM DEBT (Continued):

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On December 31, 2023, \$350,000 of the 2000 Building Authority Bonds outstanding are considered defeased. On December 31, 2023, \$41,000 of the 2002 Building Authority Bonds outstanding are considered defeased. On December 31, 2023, \$1,245,000 of the 2011 Capital Improvement Bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$12,000. The bonds sold at a premium, which has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$323,134.

The annual principal and interest requirements, excluding accrued compensated absences, for future fiscal years are as follows:

	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$582,093	\$207,360	\$313,608	\$299,042	\$124,485	\$17,341
2025	575,026	196,243	317,609	369,467	124,485	14,851
2026	546,597	183,997	523,971	362,203	133,170	12,275
2027	554,366	172,295	534,652	352,570	136,065	9,583
2028	573,626	159,587	547,014	342,371	141,855	6,803
2029-2033	2,238,559	618,276	2,897,181	1,542,899	269,235	5,356
2034-2038	2,210,830	333,032	3,235,170	1,216,106	-	-
2039-2043	796,885	71,447	2,710,116	881,116	-	-
2044-2048	167,000	8,080	2,769,000	623,448	-	-
2049-2053	-	-	3,060,000	341,706	-	-
2054-2058	-	-	1,956,000	64,281	-	-
2059-2063	-	-	-	-	-	-
Totals	<u>\$8,244,982</u>	<u>\$1,950,317</u>	<u>18,864,321</u>	<u>6,395,209</u>	<u>\$929,295</u>	<u>\$66,209</u>
Amounts related to 2023 Sewer Bonds						
Not drawn as of 12/31/2023			(8,025,000)	(2,692,687)		
			<u>\$10,839,321</u>	<u>\$3,702,522</u>		

### 2023 Sewage Disposal System Junior Lien Revenue Bonds

On September 8, 2023, the City issued the Sewage Disposal System Junior Lien Revenue Bonds, Series 2023 for the purpose of replacing and/or improving the City's existing sewage disposal system in conjunction with a Michigan Department of Environment, Great Lakes, and Energy (EGLE) grant. Interest on the Bonds will be accrued based on the actual balance drawn to date. The interest amounts related to the bond included in the above schedule are based on the full amount being drawn at the time of the interest payment. Accordingly, actual amounts will vary from the above schedule as the City will make draws on the bond throughout the course of the project.

As of December 31, 2023, the City had drawn \$0 on the Bonds. The corresponding outstanding principal and interest amounts in the above schedule have been adjusted to exclude the related principal and interest amounts related Bond that have not been drawn.



**NOTE J – 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:			
Governmental Activities	\$-	\$-	\$-
Business-type Activities	-	-	-
Total Current	-	-	-
Long-term Portion:			
Governmental Activities	177,825	51,834	229,659
Business-type Activities	14,969	208	15,177
Total Long-term	192,794	52,042	244,836
GRAND TOTAL	<u>\$192,794</u>	<u>\$52,042</u>	<u>\$244,836</u>

**NOTE K – TAXES LEVIED FOR A SUBSEQUENT PERIOD:**

Property taxes levied on December 1, 2023, 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	\$1,549,683
Public Improvement Fund	516,534
Fire Fund	111,991
TOTAL	<u>\$2,178,208</u>
Fiduciary:	
Pension Trust Fund	<u>\$313,152</u>
Component Unit:	
DDA Fund	<u>\$267,668</u>

## NOTE L – 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, 2023, 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	\$60,745	\$-	\$-	\$-	\$60,745
Prepays	72,736	-	-	-	72,736
Corpus	-	-	-	988,983	988,983
Subtotal	133,481	-	-	988,983	1,122,464
Restricted:					
Transportation Funds	-	1,553,986	-	-	1,553,986
Public Improvement Levy	-	-	611,293	-	611,293
Fire Equipment Levy	-	-	-	152,202	152,202
Firefighter Longevity	-	-	-	209,582	209,582
Teal Lake RPG Fund	-	-	-	26,127	26,127
Partridge Creek Compost	-	-	-	(17,769)	(17,769)
Senior Center	-	-	-	9,867	9,867
Library State Aid	-	-	-	4,492	4,492
Cemetery	-	-	-	257,590	257,590
Subtotal	-	1,553,986	611,293	642,091	2,807,370
Committed	-	-	-	-	-
Assigned:					
Building Authority	-	-	-	22,149	22,149
Parks Construction	-	-	-	-	-
Senior Center	-	-	-	24,001	24,001
Lake Bancroft	-	-	-	5,961	5,961
Carnegie Library	-	-	-	58,539	58,539
Welcome baskets	960	-	-	-	960
Subtotal	960	-	-	110,650	111,610

**NOTE L – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):**

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Unassigned	\$790,218	\$-	\$-	\$-	\$790,218
Total fund balances	\$924,659	\$1,553,986	\$611,293	\$1,741,724	\$4,831,662

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 M – DEFINED BENEFIT PENSION PLAN:**

The following information is based upon the latest available actuarial valuation (as of December 31, 2022).

**General Information about the Pension Plan**

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](http://www.mersofmich.com).

**Benefits Provided**

	<b>2022 Valuation</b>	
	<b>01 – CI &amp; Pub Wks: Closed Division</b>	<b>10 – Supervisory: Closed Division</b>
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-compound)	2.50% (Non-compound)
Employee Contributions:	5.43%	7.51%
DC Plan for New Hires:	1/1/2020	1/1/2020
Act 88:	Yes (Adopted 2/3/1965)	Yes (Adopted 2/3/1965)

**NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):**

	<b>2022 Valuation</b>
	<b>11 – Union/Supervisor: Closed Division</b>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-compound)
Employee Contributions:	9.70%
DC Plan for New Hires:	1/1/2020
Act 88:	Yes (Adopted 2/3/1965)

**Employees covered by benefit terms**

At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	44
Inactive employees entitled to but not yet receiving:	4
Active employees:	17
Total*	<u>65</u>

\*Does not include pending refunds

**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, 2022 are as follows:

Division	Employer Contribution (\$/month)	Employee Contribution
01 – CI & Pub Wks	\$10,164	5.43%
10 – Supervisory	1,873	7.51%
11 – Union/Supervisor	1,549	9.70%

**Net Pension Liability**

The employer's Net Pension Liability was measured as of December 31, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2022.

**Actuarial assumptions**

The total pension liability in the December 31, 2022, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):**

Inflation:	2.5%
Salary Increases:	3.00% plus merit and longevity, 3% in the long-term
Investment Rate of Return	7.35%, net of investment expenses and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019. The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	0.40%
Private Investments	20.0%	9.50%	1.90%	1.40%
Total	<u>100.0%</u>			<u>4.50%</u>
Inflation				<u>2.50%</u>
Investment Rate of Return				<u>7.00%</u>

**Discount rate**

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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.

**NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):****Changes in Net Pension Liability**

<b>Calculating the Net Pension Liability</b>			
	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2022	\$19,740,221	\$16,565,167	\$3,175,054
<b>Changes for the Year</b>			
Service Cost	152,317	-	152,317
Interest on Total Pension Liability	1,388,964	-	1,388,964
Changes in benefits	-	-	-
Difference between expected and actual experience	(157,002)	-	(157,002)
Change in assumptions	-	-	-
Employer Contributions	-	163,032	(163,032)
Nonemployer contributing entity	-	1,776,032	(1,776,032)
Employee Contributions	-	58,567	(58,567)
Net Investment Income	-	1,899,833	(1,899,833)
Benefit payments, including employee refunds	(1,316,499)	(1,316,499)	-
Administrative expense	-	(39,521)	39,521
Other changes	(209,093)	(1)	(209,092)
<b>Net Changes</b>	<b>(141,313)</b>	<b>(2,541,443)</b>	<b>(2,682,756)</b>
<b>Balances at 12/31/2023</b>	<b>\$19,598,908</b>	<b>\$19,106,610</b>	<b>\$492,298</b>

## Net Pension Liability (NPL):

MERS – Primary Government	\$492,298
Police-Fire – Primary Government (see Note N)	2,681,291
NPL reported in the Statement of Net Position	<u>\$3,173,589</u>

**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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability at 12/31/2023	\$492,298	\$492,298	\$492,298
Change in Net Pension Liability	2,310,641	-	(1,914,418)
Calculated Net Pension Liability	<u>\$2,802,939</u>	<u>\$492,298</u>	<u>(\$1,422,120)</u>

**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.

**NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended 2023 the employer recognized pension expense of (\$1,352,572). 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	\$5,303	(\$25,272)
Difference in assumptions	243,314	-
Excess (Deficit) Investment Returns	1,240,084	-
Total	<u>\$1,488,701</u>	<u>(\$25,272)</u>

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
2023 (2024)	\$585,192
2024 (2025)	448,155
2025 (2026)	565,202
2026 (2027)	(135,120)
2027 (2028)	-
Thereafter	-
Total	<u>\$1,463,429</u>

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	\$1,488,701	(\$25,272)
Police-Fire – Primary Government (see Note N)	1,133,138	(440,080)
Total	<u>\$2,621,839</u>	<u>(\$465,352)</u>
Contributions subsequent to the measurement date:		
Police-Fire – Primary Government (see Note N)	<u>\$359,904</u>	

**Payable to the Pension Plan**

At December 31, 2023, there was a reported payable of \$18,062 for the outstanding amount of contributions to the pension plan.

## NOTE N – POLICEMEN AND FIREMEN – DEFINED BENEFIT 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:

	2022 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% of AFC times years of service At age 55: same as normal retirement
Duty Disability:	To age 55: 50% AFC At age 55: same as normal retirement from date of disability to age 55.

### Employees covered by benefit terms

At the December 31, 2022 valuation date, the latest actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	21
Inactive employees entitled to but not yet receiving:	3
Active employees:	10
Total	<u>34</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, 2022 are as follows: employer 41.76% and employee 5.00%.

There were no contributions requirements for closed divisions.



## **NOTE N – POLICEMEN AND FIREMEN – DEFINED BENEFIT PENSION PLAN (Continued):**

### **Net Pension Liability**

The employer's Net Pension Liability was measured as of December 31, 2022, 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, 2022 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, 2022. Best estimates of arithmetic real rates of return were approximated using expected returns from 12 investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.50%	0.87%
Domestic Equity – Large Cap	25.41%	5.64%
Domestic Equity – Small Cap	25.41%	5.88%
International Equity	10.89%	6.94%
Emerging Markets	10.89%	8.97%

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Corporate Fixed Income	15.07%	2.31%
Domestic Government Fixed Income	7.53%	1.79%
Real Estate	1.30%	3.63%
<b>TOTAL</b>	<b>100.00%</b>	

**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	1,170.0000 units	\$558,827
IShares US Treasury Bond	17,308.0000 units	398,103
Schwab US Large CAP	5,753.0000 units	477,269
Dodge & Cox Income Fund	32,413.6880 units	409,061
Doubleline Core Fixed	43,669.7310 units	407,439
GMO Quality	10,910.9130 units	312,489
JOHCM International	15,883.6080 units	368,182
Pimco Rae International	47,168.1080 units	372,156
Pimco Rae US Instl	28,014.6160 units	370,914

**Discount Rate**

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit

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

payments through the year 2122. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2122, and the municipal bond rate was applied to all benefit payments after that date.

**Changes in Net Pension Liability**

<b>Calculating the Net Pension Liability</b>			
Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2021	\$6,649,127	\$5,294,953	\$1,354,174
<b>Changes for the Year</b>			
Service Cost	148,540	-	148,540
Interest on Total Pension Liability	453,584	-	453,584
Changes in benefits	-	-	-
Difference between expected and actual experience	106,156	-	106,156
Change in assumptions	81,311	-	81,311
Employer Contributions	-	306,615	(306,615)
Employee Contributions	-	30,114	(30,114)
Net Investment Income	-	(867,794)	867,794
Benefit payments, including employee refunds	(487,257)	(487,257)	-
Administrative expense	-	(6,461)	6,461
Other changes	-	-	-
<b>Net Changes</b>	<b>302,334</b>	<b>(1,024,783)</b>	<b>1,327,117</b>
<b>Balances at 12/31/2022</b>	<b>\$6,951,461</b>	<b>\$4,270,170</b>	<b>\$2,681,291</b>

Note: Based on December 31, 2022 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 6.75%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (5.75%) or 1% higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability at 12/31/2022	\$3,506,329	\$2,681,291	\$1,995,150

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

For the year ended 2022 the employer recognized pension expense of \$364,460. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$83,117	(\$75,237)
Difference in assumptions	63,664	-
Excess (Deficit) Investment Returns	986,357	(364,843)
Subtotal	1,133,138	(\$440,080)
Contributions subsequent to the measurement date*	359,904	
Total	<u>\$1,493,042</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 2023.

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
2023 (2024)	\$30,510
2024 (2025)	158,588
2025 (2026)	232,647
2026 (2027)	271,313
2027 (2028)	-
Thereafter	-
Total	<u>\$693,058</u>

**Payable to the Pension Plan**

At December 31, 2023, there was a reported payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

**NOTE O – 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, 2023, are as follows:

Total pension liability	\$6,951,461	*
Plan fiduciary net position	<u>4,270,170</u>	*
City's net pension liability	<u>\$2,681,291</u>	*

Plan fiduciary net position as  
a percentage of the total pension liability 61.43% \*

\*As of December 31, 2022, the most recent actuarial report available.

**NOTE P – 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

**NOTE P – DEFERRED COMPENSATION PLAN (Continued):**

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 Q – 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, 2023, the City's contributions totaled approximately \$31,410.

**NOTE R – PROPERTY TAXES:**

The City of Ishpeming levied 13.0661 mills for the General Fund, 4.3552 mills for the Public Improvement Fund, 0.8746 mills for Fire Equipment, and 2.6404 mills for the Policemen and Firemen Retirement Fund for calendar year 2023. The millage rate is based on each \$1,000.00 of property assessed valuation and the current Taxable Value of the City is \$140,236,499.

**NOTE S – 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 S – 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, 2023 is as follows:

Assets	\$4,024,367
Deferred Outflows of Resources	-
Liabilities	14,994
Deferred Inflows of Resources	410,705
Net Position	3,598,668
Operating Revenues	570,152
Operating Expenses	369,741

## **NOTE T – 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, 2023, is as follows:

Assets	\$5,906,751
Deferred Outflows of Resources	289,844
Liabilities	418,039
Deferred Inflows of Resources	-
Equity - All local units	5,778,556
Operating Revenues	1,438,303
Operating Expenses	(2,033,432)
Other Income	258,592
Increase (decrease) in net position	(336,537)
City's Share of Net Income (loss)	(123,475)

## NOTE T – 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, 2023 is as follows:

Assets	\$21,424,040
Deferred Outflows of Resources	710,244
Liabilities	12,254,238
Deferred Inflows of Resources	-
Net Position	9,880,046
Operating Revenues	4,707,000
Operating Expenses	(6,398,034)
Non-operating Revenues (Expenses)	(14,600)
Net Income (Loss)	(1,705,634)

### 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

#### **NOTE T – JOINT VENTURES (Continued):**

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.

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, 2021 (the most recent report available) is as follows:

Total Assets	\$2,687,261
Total Liabilities	47,350
Total Net Position	2,639,910
Total Operating Revenues	836,064
Total Operating Expenses	669,892
Non-operating Revenues (Expense)	(61,277)

The balance of the investment in Board for the year ended December 31, 2023 of \$3,507,323 represents the City's net investment in the Board.

#### **NOTE U – 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 V – 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



## **NOTE V – TAX ABATEMENTS (Continued):**

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.

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, 2023, there were no other significant tax abatements made by the City or any other governmental unit within the City.

## **NOTE W – SINGLE AUDIT:**

During the year ended December 31, 2023, the Federal aid received and expended by the City was less than the single audit threshold of \$750,000; therefore, the City is not required to have a single audit under the Uniform Guidance.

## **NOTE X – 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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 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 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. 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. This statement is effective for periods beginning after June 15, 2022. The City does not have any material activities which require disclosure under GASB 96; however, GASB 96 is applicable to the City.

### Other Recently Issued Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB 94 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

**NOTE X – NEW GASB STANDARDS (Continued):**

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. This statement is effective for periods beginning after June 15, 2022. The City does not have activities that meet the criteria for GASB 94; therefore, GASB 94 is not applicable to the City.

**NOTE Y – BUDGET VIOLATIONS:**

Public Act 621 of 1978, Section 18(1), as amended, provides that a unit of government shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

During the year ended December 31, 2023, the City incurred functional expenditures which were in excess of the amounts appropriated as follows:

	Final Budget	Actual	(Negative) Variance
<b>General Fund:</b>			
City Council	\$16,545	\$16,585	(\$40)
City Manager	127,070	142,081	(15,011)
City Clerk	39,642	46,313	(6,671)
City Assessor	51,785	76,807	(25,022)
City Hall and Grounds	62,999	72,681	(9,682)
City Attorney	17,764	30,895	(13,131)
Other General Government	2,261,145	2,328,940	(67,795)
Police	959,047	1,009,254	(50,207)
Fire	152,916	154,618	(1,702)
DPW Administration	120,966	124,377	(3,411)
Planning Commission	500	839	(339)
Zoning Administration	39,860	40,786	(926)
Neighborhood Improvement	-	5,882	(5,882)
Economic Development	51,000	58,336	(7,336)
Library	271,000	277,548	(6,548)
<b>Major Street Fund:</b>			
Drainage/backslashes	42,722	66,487	(23,765)
Principal	18,000	22,132	(4,132)
<b>Local Street Fund:</b>			
Drainage/backslashes	46,251	60,176	(13,925)
Principal	5,700	27,632	(21,932)
Interest and fiscal charges	2,800	12,145	(9,345)

**NOTE Z – NET POSITION RESTATEMENT:**

During the current year, the City consolidated the 2023 CWSRF Construction Fund into the Sewer Fund and the Parks Construction Fund into the Public Improvement Fund. As a result of this, the beginning balances for Governmental Activities, Business-Type Activities, 2023 CWSRF Fund, Parks Construction Fund, and Sewer Fund have been restated.

	Governmental Activities	Public Improvement Fund	2023 CWSRF Fund	Parks Construction Fund
Fund Balance/Net Position, beginning of year	\$13,997,506	\$547,630	(\$5,919)	\$134,517
Prior period adjustment(s)				
Fund reclassifications:				
Parks Construction	-	134,517	-	(134,517)
CWSRF Construction	5,919	-	5,919	-
Prior period adjustment(s)	5,919	134,517	5,919	(134,517)
Fund Balance/Net Position, beginning of year, as restated	<u>\$14,003,425</u>	<u>\$682,147</u>	<u>\$-</u>	<u>\$-</u>

	Business-Type Activities	Sewer Fund
Fund Balance/Net Position, beginning of year	\$20,157,835	\$10,104,721
Prior period adjustment(s)		
Fund reclassifications:		
CWSRF Construction	(5,919)	(5,919)
Prior period adjustment(s)	(5,919)	(5,919)
Fund Balance/Net Position, beginning of year, as restated	<u>\$20,151,916</u>	<u>\$10,098,802</u>

**NOTE AA – UNRESTRICTED NET POSITION/FUND BALANCE 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, 2023, the City had the following deficits in its Governmental Activities and Business-Type Activities:

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.

## **NOTE AA – UNRESTRICTED NET POSITION/FUND BALANCE DEFICIT (Continued):**

For proprietary funds, fiduciary funds, and discretely presented component units the Michigan 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 Brasswire Campground Fund is required to file a deficit elimination plan with the Michigan Department of Treasury.

## **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)

(Continued)

	Plan Year Ending December 31,				
	2023	2022	2021	2020	2019
<b>Change in total pension liability</b>					
Service cost	\$ 152,317	\$ 173,972	\$ 199,104	\$ 235,763	\$ 209,452
Interest	1,388,964	1,374,792	1,359,912	1,280,589	1,303,816
Change in benefit terms	-	-	-	-	(138)
Differences between expected and actual experience	(157,002)	175,596	(508,231)	219,561	278,635
Changes in assumptions	-	729,940	500,120	571,248	-
Benefit payments, including refunds of member contributions	(1,316,499)	(1,275,445)	(1,220,749)	(1,143,922)	(1,140,064)
Other	(209,093)	(78,738)	(94,450)	(62,771)	(110,789)
<b>Net change in total pension liability</b>	<b>(141,313)</b>	<b>1,100,117</b>	<b>235,706</b>	<b>1,100,468</b>	<b>540,912</b>
<b>Total pension liability, beginning of year</b>	<b>19,740,221</b>	<b>18,640,104</b>	<b>18,404,398</b>	<b>17,303,930</b>	<b>16,763,018</b>
<b>Total pension liability, end of year (a)</b>	<b>19,598,908</b>	<b>19,740,221</b>	<b>18,640,104</b>	<b>18,404,398</b>	<b>17,303,930</b>
<b>Change in plan fiduciary net position</b>					
Contributions – employer	163,032	209,616	9,893,512	808,559	825,950
Contributions - non-employer contributing entity	1,776,032	-	-	-	-
Contributions – member	58,567	99,612	72,853	87,601	99,950
Net investment income	1,899,833	(2,048,872)	1,621,160	1,064,923	1,028,801
Benefit payments, including refunds of member contributions	(1,316,499)	(1,275,445)	(1,220,749)	(1,143,922)	(1,140,064)
Administrative expense	(39,521)	(35,561)	(17,565)	(16,882)	(17,706)
Other	(1)	(1)	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>2,541,443</b>	<b>(3,050,651)</b>	<b>10,349,211</b>	<b>800,279</b>	<b>796,931</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>16,565,167</b>	<b>19,615,818</b>	<b>9,266,607</b>	<b>8,466,328</b>	<b>7,669,397</b>
<b>Plan fiduciary net position, end of year (b)</b>	<b>19,106,610</b>	<b>16,565,167</b>	<b>19,615,818</b>	<b>9,266,607</b>	<b>8,466,328</b>
City's net pension liability, end of year (a)-(b)	<b>\$ 492,298</b>	<b>\$ 3,175,054</b>	<b>\$ (975,714)</b>	<b>\$ 9,137,791</b>	<b>\$ 8,837,602</b>
Plan fiduciary net position as a percentage of the total pension liability	97.49%	83.92%	105.23%	50.35%	48.93%
Covered-employee payroll	\$ 940,060	\$ 1,175,150	\$ 1,321,996	\$ 1,492,241	\$ 1,331,729
City's net pension liability as a percentage of covered payroll	52.37%	270.18%	-73.81%	612.35%	663.62%

**Notes to schedule:**

<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	NONE	2022	NONE	2020	NONE

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2022 - The investment rate of return assumption from 7.35% to 7.00%

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 CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**

(Ultimately 10 years will be displayed)

(Concluded)

	Plan Year Ending December 31,				
	2018	2017	2016	2015	
<b>Change in total pension liability</b>					
Service cost	\$ 202,632	\$ 200,575	\$ 183,436	\$ 176,348	
Interest	1,267,953	1,209,026	1,177,043	1,111,444	
Change in benefit terms	(24)	(131)	-	-	
Differences between expected and actual experience	42,208	426,449	(240,242)	-	
Changes in assumptions	-	-	805,071	-	
Benefit payments, including refunds of member contributions	(1,163,689)	(1,014,405)	(969,793)	(896,652)	
Other	83,985	(11,304)	(96,136)	16,018	
<b>Net change in total pension liability</b>	<b>433,065</b>	<b>810,210</b>	<b>859,379</b>	<b>407,158</b>	
<b>Total pension liability, beginning of year</b>	<b>16,329,953</b>	<b>15,519,743</b>	<b>14,660,364</b>	<b>14,253,206</b>	
<b>Total pension liability, end of year (a)</b>	<b>16,763,018</b>	<b>16,329,953</b>	<b>15,519,743</b>	<b>14,660,364</b>	
<b>Change in plan fiduciary net position</b>					
Contributions – employer	601,641	565,838	537,665	474,475	
Contributions - non-employer contributing entity	-	-	-	-	
Contributions – member	81,803	81,314	141,948	73,403	
Net investment income	(316,588)	1,019,969	822,998	(113,758)	
Benefit payments, including refunds of member contributions	(1,163,689)	(1,014,405)	(969,793)	(896,652)	
Administrative expense	(16,112)	(16,175)	(16,241)	(16,811)	
Other	2	-	-	-	
<b>Net change in plan fiduciary net position</b>	<b>(812,943)</b>	<b>636,541</b>	<b>516,577</b>	<b>(479,343)</b>	
<b>Plan fiduciary net position, beginning of year</b>	<b>8,482,340</b>	<b>7,845,799</b>	<b>7,329,222</b>	<b>7,808,565</b>	
<b>Plan fiduciary net position, end of year (b)</b>	<b>7,669,397</b>	<b>8,482,340</b>	<b>7,845,799</b>	<b>7,329,222</b>	
City's net pension liability, end of year (a)-(b)	<b>\$ 9,093,621</b>	<b>\$ 7,847,613</b>	<b>\$ 7,673,944</b>	<b>\$ 7,331,142</b>	
Plan fiduciary net position as a percentage of the total pension liability	45.75%	51.94%	50.55%	49.99%	
Covered-employee payroll	\$ 1,312,420	\$ 1,296,057	\$ 1,229,890	\$ 1,195,774	
City's net pension liability as a percentage of covered payroll	692.89%	605.50%	623.95%	613.09%	

**Notes to schedule:**

<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	NONE	NONE	2016	NONE

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2022 - The investment rate of return assumption from 7.35% to 7.00%

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
2023	\$ 163,032	\$ 163,032	\$ -	\$ 940,060	17.34%
2022	209,616	209,616	-	1,175,150	17.84%
2021	938,304	9,893,512	(8,955,208)	1,321,966	748.39%
2020	808,559	808,559	-	1,492,241	54.18%
2019	774,794	825,950	(51,156)	1,331,729	62.02%
2018	601,641	601,641	-	1,312,420	45.84%
2017	565,838	565,838	-	1,296,057	43.66%
2016	537,665	537,665	-	1,229,890	43.72%
2015	474,475	474,475	-	1,195,774	39.68%



**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**  
(Continued)

		Plan Year Ending December 31,				
		2023	2022	2021	2020	2019
<b>Change in total pension liability</b>						
Service cost		Not Available	\$ 148,540	\$ 129,938	\$ 131,968	\$ 107,651
Interest		Not Available	453,584	448,944	452,412	454,476
Change in benefit terms		Not Available	-	-	-	-
Differences between expected and actual experience		Not Available	106,156	(37,577)	(160,861)	(122,404)
Changes in assumptions		Not Available	81,311	-	-	-
Benefit payments, including refunds of member contributions		Not Available	(487,257)	(481,382)	(462,717)	(500,023)
Other changes		Not Available	-	-	-	-
<b>Net change in total pension liability</b>		<b>-</b>	<b>302,334</b>	<b>59,923</b>	<b>(39,198)</b>	<b>(60,300)</b>
<b>Total pension liability, beginning of year</b>						
		6,981,461	6,649,127	6,589,204	6,628,402	6,688,702
<b>Total pension liability, end of year</b>	(a)	6,981,461	6,951,461	6,649,127	6,589,204	6,628,402
<b>Change in plan fiduciary net position</b>						
Contributions – employer		359,904	306,615	290,002	257,010	229,122
Contributions – member		35,787	30,114	28,723	28,275	24,114
Net investment income		701,480	(867,794)	584,146	605,412	753,628
Benefit payments, including refunds of member contributions		(483,843)	(487,257)	(481,382)	(462,717)	(500,023)
Administrative expense		(6,477)	(6,461)	(19,133)	(18,884)	(18,501)
Other changes		-	-	-	-	-
<b>Net change in plan fiduciary net position</b>		<b>606,851</b>	<b>(1,024,783)</b>	<b>402,356</b>	<b>409,096</b>	<b>488,340</b>
<b>Plan fiduciary net position, beginning of year</b>						
		4,270,170	5,294,953	4,892,597	4,483,501	3,995,161
<b>Plan fiduciary net position, end of year</b>	(b)	4,877,021	4,270,170	5,294,953	4,892,597	4,483,501
City's net pension liability, end of year	(a)-(b)	<u>\$ 2,104,440</u>	<u>\$ 2,681,291</u>	<u>\$ 1,354,174</u>	<u>\$ 1,696,607</u>	<u>\$ 2,144,901</u>
Plan fiduciary net position as a percentage of the total pension liability		69.86%	61.43%	79.63%	74.25%	67.64%
Covered-employee payroll		Not Available	\$ 658,986	\$ 578,977	\$ 585,368	\$ 515,441
City's net pension liability as a percentage of covered payroll		Not Available	406.88%	233.89%	289.84%	416.13%
*Actuarial information not available						
<b>Notes to Schedules:</b>						
Benefit Changes:		Not Available	NONE	NONE	NONE	NONE
Changes of Assumptions:		Not Available	NONE	NONE	NONE	NONE

City's net pension liability is based on most recent actuarial valuation date, December 31, 2022.

**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**  
(Concluded)

		Plan Year Ending December 31,				
		2018	2017	2016	2015	2014
<b>Change in total pension liability</b>						
Service cost		\$ 108,783	\$ 106,350	\$ 91,455	\$ 111,812	\$ 114,128
Interest		450,415	440,259	431,723	438,498	477,261
Change in benefit terms		-	-	-	-	-
Differences between expected and actual experience		(7,962)	68,626	(142,763)	(157,156)	(333,359)
Changes in assumptions		-	-	178,587	(56,392)	(387,579)
Benefit payments, including refunds of member contributions		(485,291)	(457,439)	(431,579)	(415,168)	(430,902)
Other changes		-	-	(1)	1	-
<b>Net change in total pension liability</b>		<u>65,945</u>	<u>157,796</u>	<u>127,422</u>	<u>(78,405)</u>	<u>(560,451)</u>
<b>Total pension liability, beginning of year</b>		<u>6,622,757</u>	<u>6,464,961</u>	<u>6,337,539</u>	<u>6,415,944</u>	<u>6,976,395</u>
<b>Total pension liability, end of year</b>	(a)	<u>6,688,702</u>	<u>6,622,757</u>	<u>6,464,961</u>	<u>6,337,539</u>	<u>6,415,944</u>
<b>Change in plan fiduciary net position</b>						
Contributions – employer		178,625	163,490	188,906	199,322	201,791
Contributions – member		24,981	24,927	26,124	23,844	22,745
Net investment income		(405,208)	561,745	211,257	(187,393)	101,472
Benefit payments, including refunds of member contributions		(485,291)	(457,439)	(431,579)	(415,168)	(430,902)
Administrative expense		(19,633)	(11,797)	-	(42,723)	(39,761)
Other changes		-	-	(1)	1	-
<b>Net change in plan fiduciary net position</b>		<u>(706,526)</u>	<u>280,926</u>	<u>(5,293)</u>	<u>(422,117)</u>	<u>(144,655)</u>
<b>Plan fiduciary net position, beginning of year</b>		<u>4,701,687</u>	<u>4,420,761</u>	<u>4,426,054</u>	<u>4,848,171</u>	<u>4,992,826</u>
<b>Plan fiduciary net position, end of year</b>	(b)	<u>3,995,161</u>	<u>4,701,687</u>	<u>4,420,761</u>	<u>4,426,054</u>	<u>4,848,171</u>
City's net pension liability, end of year	(a)-(b)	<u>\$ 2,693,541</u>	<u>\$ 1,921,070</u>	<u>\$ 2,044,200</u>	<u>\$ 1,911,485</u>	<u>\$ 1,567,773</u>
Plan fiduciary net position as a percentage of the total pension liability		59.73%	70.99%	68.38%	69.84%	75.56%
Covered-employee payroll		\$ 486,037	\$ 475,382	\$ 424,035	\$ 458,896	\$ 462,485
City's net pension liability as a percentage of covered payroll		554.18%	404.11%	482.08%	416.54%	338.99%
*Actuarial information not available						
<b>Notes to Schedules:</b>						
Benefit Changes:		NONE	NONE	NONE	NONE	NONE
Changes of Assumptions:		NONE	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
2023	\$ 259,002 E	\$ 359,904	N/A	Not Available	N/A
2022	267,379	306,615	(39,236)	658,986	46.53%
2021	258,629	290,002	(31,373)	578,977	50.09%
2020	243,719	257,010	(13,291)	585,368	43.91%
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%
2015	192,780	199,322	(6,542)	458,896	43.44%
2014	197,820	201,791	(3,971)	462,485	43.63%

E - Estimate

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Fiscal Year:** December 31, 2022

**Valuation Date:** December 31, 2020

**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	19 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 eligibility 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

Projection scale was last updated for the December 31, 2022.

**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 December 31,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2023	Not Available
2022	3.30%
2021	9.40%
2020	7.60%
2019	3.60%
2018	0.80%
2017	5.00%
2016	5.10%
2015	3.70%
2014	6.70%

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, and LOCAL STREET FUND are Major Special Revenue Fund types.

**City of Ishpeming, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023					
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
<b>REVENUES:</b>						
Taxes	\$ 1,757,435	\$ 1,794,620	\$ 37,185	\$ 1,797,967	\$ 3,347	\$ 1,667,763
Federal sources	-	9,700	9,700	1,820	(7,880)	338,473
State sources	1,011,400	2,879,042	1,867,642	2,995,373	116,331	1,050,946
Licenses and permits	180,650	189,050	8,400	173,169	(15,881)	170,296
Service charges	72,690	113,790	41,100	114,848	1,058	79,609
Interest income and rentals	4,100	13,110	9,010	25,958	12,848	1,372
Contributions	-	6,200	6,200	9,008	2,808	21,694
Fines and forfeitures	46,090	48,020	1,930	60,343	12,323	44,449
Other revenues	28,500	60,545	32,045	85,955	25,410	43,493
<b>TOTAL REVENUES</b>	<b>3,100,865</b>	<b>5,114,077</b>	<b>2,013,212</b>	<b>5,264,441</b>	<b>150,364</b>	<b>3,418,095</b>
<b>EXPENDITURES:</b>						
General Government:						
City council	16,045	16,545	(500)	16,585	(40)	14,631
City manager	121,770	127,070	(5,300)	142,081	(15,011)	125,449
City clerk	37,576	39,642	(2,066)	46,313	(6,671)	38,924
Board of review	1,978	1,978	-	1,931	47	1,661
Finance department	101,101	144,236	(43,135)	136,832	7,404	236,540
City assessor	48,700	51,785	(3,085)	76,807	(25,022)	49,832
Elections	3,007	9,490	(6,483)	8,322	1,168	18,610
City hall and grounds	43,805	62,999	(19,194)	72,681	(9,682)	44,454
City attorney	48,400	17,764	30,636	30,895	(13,131)	57,825
Other general government	313,815	2,261,145	(1,947,330)	2,328,940	(67,795)	278,458
Total General Government	736,197	2,732,654	(1,996,457)	2,861,387	(128,733)	866,384
Public Safety:						
Police	907,639	959,047	(51,408)	1,009,254	(50,207)	950,816
Fire	121,525	152,916	(31,391)	154,618	(1,702)	150,800
Rental inspector	27,210	27,230	(20)	27,079	151	26,033
Total Public Safety	1,056,374	1,139,193	(82,819)	1,190,951	(51,758)	1,127,649
Public Works:						
DPW administration	70,872	120,966	(50,094)	124,377	(3,411)	91,432
Alleys & sidewalks	72,920	143,546	(70,626)	134,501	9,045	100,732
Storm sewer	-	-	-	-	-	-
City engineer	15,000	15,000	-	-	15,000	1,200
Street lights	177,270	184,579	(7,309)	171,574	13,005	147,868
Cemetery	205,610	198,988	6,622	179,648	19,340	187,532
Total Public Works	541,672	663,079	(121,407)	610,100	52,979	528,764
Community and Economic Development:						
Planning commission	500	500	-	839	(339)	1,312
Zoning administration	39,850	39,860	(10)	40,786	(926)	43,780
Zoning board of appeals	300	300	-	-	300	243
Neighborhood improvement	-	-	-	5,882	(5,882)	-
Economic development	-	51,000	(51,000)	58,336	(7,336)	37,500
DDA administration	1,960	1,970	(10)	1,553	417	1,661
Total Community and Economic Development	42,610	93,630	(51,020)	107,396	(13,766)	84,496
Recreation and Culture:						
Al Quaal	127,740	130,767	(3,027)	128,642	2,125	144,317
Al Quaal Tube Slide	14,210	14,210	-	259	13,951	1,682
Park maintenance	82,680	90,390	(7,710)	87,991	2,399	83,571
Library	274,014	271,000	3,014	277,548	(6,548)	277,934
Total Recreation and Culture	498,644	506,367	(7,723)	494,440	11,927	507,504
Debt Service:						
Principal	198,000	242,308	(44,308)	242,024	284	285,157
Interest and fiscal charges	87,025	107,000	(19,975)	106,783	217	133,898
Total Debt Service	285,025	349,308	(64,283)	348,807	501	419,055

**City of Ishpeming, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023					
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES</b>	<u>3,160,522</u>	<u>5,484,231</u>	<u>(2,323,709)</u>	<u>5,613,081</u>	<u>(128,850)</u>	<u>3,533,852</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(59,657)</u>	<u>(370,154)</u>	<u>(310,497)</u>	<u>(348,640)</u>	<u>21,514</u>	<u>(115,757)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	15,700	121,700	106,000	135,700	14,000	225,640
Transfers (out)	(6,000)	(6,000)	-	(6,000)	-	(6,300)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>9,700</u>	<u>115,700</u>	<u>106,000</u>	<u>129,700</u>	<u>14,000</u>	<u>219,340</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(49,957)</u>	<u>(254,454)</u>	<u>(204,497)</u>	<u>(218,940)</u>	<u>35,514</u>	<u>103,583</u>
Fund balance, beginning of year	<u>1,143,599</u>	<u>1,143,599</u>	<u>-</u>	<u>1,143,599</u>	<u>-</u>	<u>1,040,016</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,093,642</u>	<u>\$ 889,145</u>	<u>\$ (204,497)</u>	<u>\$ 924,659</u>	<u>\$ 35,514</u>	<u>\$ 1,143,599</u>

**City of Ishpeming, Michigan**

MAJOR SPECIAL REVENUE FUNDS

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023					
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
<b>REVENUES:</b>						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,003,700	1,003,700	-	782,755	(220,945)	787,176
Interest income and rentals	1,300	1,300	-	121	(1,179)	119
Other revenue	150	150	-	-	(150)	-
<b>TOTAL REVENUES</b>	<b>1,005,150</b>	<b>1,005,150</b>	<b>-</b>	<b>782,876</b>	<b>(222,274)</b>	<b>787,295</b>
<b>EXPENDITURES:</b>						
Public Works:						
Drainage/backslashes	-	42,722	(42,722)	66,487	(23,765)	25,036
Construction	288,700	252,647	36,053	52,826	199,821	527,969
Routine maintenance	61,345	80,210	(18,865)	61,883	18,327	37,169
Winter maintenance	317,890	321,076	(3,186)	291,606	29,470	298,807
Traffic services	29,030	42,671	(13,641)	35,626	7,045	8,151
Administration	54,804	58,371	(3,567)	57,882	489	52,741
State trunkline	78,713	61,734	16,979	31,733	30,001	29,208
Total Public Works	830,482	859,431	(28,949)	598,043	261,388	979,081
Debt Service:						
Principal	39,600	18,000	21,600	22,132	(4,132)	-
Interest and fiscal charges	17,405	10,000	7,405	9,727	273	-
Total Debt Service	57,005	28,000	29,005	31,859	(3,859)	-
<b>TOTAL EXPENDITURES</b>	<b>887,487</b>	<b>887,431</b>	<b>56</b>	<b>629,902</b>	<b>257,529</b>	<b>979,081</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>117,663</b>	<b>117,719</b>	<b>56</b>	<b>152,974</b>	<b>35,255</b>	<b>(191,786)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	(100,000)	(100,000)	-	-	100,000	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>(100,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>17,663</b>	<b>17,719</b>	<b>56</b>	<b>152,974</b>	<b>135,255</b>	<b>(291,786)</b>
Fund balance, beginning of year	693,666	693,666	-	693,666	-	985,452
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 711,329</b>	<b>\$ 711,385</b>	<b>\$ 56</b>	<b>\$ 846,640</b>	<b>\$ 135,255</b>	<b>\$ 693,666</b>



**City of Ishpeming, Michigan**

MAJOR SPECIAL REVENUE FUNDS

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023					
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
<b>REVENUES:</b>						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	614,000	614,000	-	312,482	(301,518)	436,638
Interest income and rentals	300	300	-	127	(173)	73
Other revenue	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>614,300</u>	<u>614,300</u>	<u>-</u>	<u>312,609</u>	<u>(301,691)</u>	<u>436,711</u>
<b>EXPENDITURES:</b>						
Public Works:						
Drainage/backslashes	-	46,251	(46,251)	60,176	(13,925)	29,090
Construction	400,000	265,000	135,000	11,032	253,968	123,243
Routine maintenance	116,920	110,033	6,887	86,400	23,633	60,737
Winter maintenance	276,350	352,593	(76,243)	251,031	101,562	237,966
Traffic services	9,651	36,654	(27,003)	35,746	908	5,827
Administration	21,865	26,371	(4,506)	22,771	3,600	24,650
Total Public Works	<u>824,786</u>	<u>836,902</u>	<u>(12,116)</u>	<u>467,156</u>	<u>369,746</u>	<u>481,513</u>
Debt Service:						
Principal	22,000	5,700	16,300	27,632	(21,932)	-
Interest and fiscal charges	10,065	2,800	7,265	12,145	(9,345)	-
Total Debt Service	<u>32,065</u>	<u>8,500</u>	<u>23,565</u>	<u>39,777</u>	<u>(31,277)</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>856,851</u>	<u>845,402</u>	<u>11,449</u>	<u>506,933</u>	<u>338,469</u>	<u>481,513</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(242,551)</u>	<u>(231,102)</u>	<u>11,449</u>	<u>(194,324)</u>	<u>36,778</u>	<u>(44,802)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	250,000	100,000	(150,000)	-	(100,000)	100,000
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>250,000</u>	<u>100,000</u>	<u>(150,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>
<b>CHANGE IN FUND BALANCE</b>	<u>7,449</u>	<u>(131,102)</u>	<u>(138,551)</u>	<u>(194,324)</u>	<u>(63,222)</u>	<u>55,198</u>
Fund balance, beginning of year	<u>901,670</u>	<u>901,670</u>	<u>-</u>	<u>901,670</u>	<u>-</u>	<u>846,472</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 909,119</u>	<u>\$ 770,568</u>	<u>\$ (138,551)</u>	<u>\$ 707,346</u>	<u>\$ (63,222)</u>	<u>\$ 901,670</u>

## OTHER FINANCIAL INFORMATION

City of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS

**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 FIRE FUND, FIREFIGHTER LONGEVITY FUND, SENIOR CENTER FUND, LAKE BANCROFT FUND, CARNEGIE LIBRARY FUND, and LIBRARY STATE AID FUND are Non-major Special Revenue Fund types.

**DEBT SERVICE FUNDS**

The function of the DEBT SERVICE FUNDS is to account for the payment of interest and principal on long-term debt obligations. The modified accrual basis of accounting is used in recording Debt Service transactions. The BUILDING AUTHORITY FUND is the only Debt Service Fund type.

**CAPITAL PROJECTS FUNDS**

The function of the CAPITAL PROJECT FUNDS is to record revenues and expenditures for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The modified accrual basis of accounting is used in recording Capital Project Fund transactions. The TEAL LAKE RECREATION PASSPORT GRANT FUND, PARKS CONSTRUCTION FUND, PARTRIDGE CREEK COMPOST FUND, SENIOR CENTER FUND, and 2023 CWSRF FUND are Capital Project Fund types.

**PERMANENT FUNDS**

The function of Permanent Funds is to account for funds where only the interest and earnings may be used. The principal cannot be spent. The accrual basis of accounting is used in recording Permanent Funds transactions. The PERPETUAL CARE FUND and CEMETERY CARE FUND are Permanent Fund types.

**City of Ishpeming, Michigan**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
December 31, 2023

	Special Revenue Funds	Debt Service Building Authority Fund	Capital Projects Funds	Permanent Funds		Total Non-Major Governmental Funds
				Perpetual Care Fund	Cemetery Care Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 457,777	\$ 22,149	\$ 35,994	\$ 428,655	\$ 75,126	\$ 1,019,701
Investments	-	-	-	822,405	106,254	928,659
Accounts receivable, net	-	-	-	-	-	-
Taxes receivable	111,991	-	-	-	-	111,991
Other receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>569,768</b>	<b>22,149</b>	<b>35,994</b>	<b>1,251,060</b>	<b>181,380</b>	<b>2,060,351</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 569,768</b>	<b>\$ 22,149</b>	<b>\$ 35,994</b>	<b>\$ 1,251,060</b>	<b>\$ 181,380</b>	<b>\$ 2,060,351</b>
<b>LIABILITIES</b>						
Cash overdrafts	\$ -	\$ -	\$ 17,769	\$ -	\$ -	\$ 17,769
Accounts payable	3,000	-	-	-	-	3,000
Accrued payroll and related	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-
Due to other funds	-	-	-	160,560	25,307	185,867
<b>TOTAL LIABILITIES</b>	<b>3,000</b>	<b>-</b>	<b>17,769</b>	<b>160,560</b>	<b>25,307</b>	<b>206,636</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes levied for a subsequent period	111,991	-	-	-	-	111,991
Discount on investment	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>111,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,991</b>
<b>FUND BALANCE</b>						
Non-spendable	-	-	-	843,286	145,697	988,983
Restricted	366,276	-	18,225	247,214	10,376	642,091
Committed	-	-	-	-	-	-
Assigned	88,501	22,149	-	-	-	110,650
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>454,777</b>	<b>22,149</b>	<b>18,225</b>	<b>1,090,500</b>	<b>156,073</b>	<b>1,741,724</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 569,768</b>	<b>\$ 22,149</b>	<b>\$ 35,994</b>	<b>\$ 1,251,060</b>	<b>\$ 181,380</b>	<b>\$ 2,060,351</b>

**City of Ishpeming, Michigan**

**NON-MAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2023

	<b>Special Revenue Funds</b>	<b>Debt Service Building Authority Fund</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds Perpetual Care Fund</b>	<b>Cemetery Care Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES:</b>						
Taxes	\$ 117,442	\$ -	\$ -	\$ -	\$ -	\$ 117,442
Federal sources	-	-	473,098	-	-	473,098
State sources	13,939	-	-	-	-	13,939
Charges for services	-	-	-	20,400	-	20,400
Interest income and rentals	80	-	-	13,084	1,857	15,021
Contributions	12,472	-	34,025	-	-	46,497
Other revenues	1,200	-	-	-	-	1,200
<b>TOTAL REVENUES</b>	<b>145,133</b>	<b>-</b>	<b>507,123</b>	<b>33,484</b>	<b>1,857</b>	<b>687,597</b>
<b>EXPENDITURES:</b>						
Current Operations:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and culture	24,083	-	78,737	-	-	102,820
Debt Service:						
Principal	70,000	91,192	-	-	-	161,192
Interest and fiscal charges	14,800	53,211	-	-	-	68,011
Capital outlay	-	-	16,905	-	-	16,905
<b>TOTAL EXPENDITURES</b>	<b>108,883</b>	<b>144,403</b>	<b>95,642</b>	<b>-</b>	<b>-</b>	<b>348,928</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>36,250</b>	<b>(144,403)</b>	<b>411,481</b>	<b>33,484</b>	<b>1,857</b>	<b>338,669</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Refunding bonds	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	12,000	144,403	-	-	-	156,403
Transfers (out)	-	-	(14,000)	(15,000)	(700)	(29,700)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>12,000</b>	<b>144,403</b>	<b>(14,000)</b>	<b>(15,000)</b>	<b>(700)</b>	<b>126,703</b>
<b>CHANGE IN FUND BALANCE</b>	<b>48,250</b>	<b>-</b>	<b>397,481</b>	<b>18,484</b>	<b>1,157</b>	<b>465,372</b>
Fund balance, beginning of year, as restated	406,527	22,149	(379,256)	1,072,016	154,916	1,276,352
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 454,777</b>	<b>\$ 22,149</b>	<b>\$ 18,225</b>	<b>\$ 1,090,500</b>	<b>\$ 156,073</b>	<b>\$ 1,741,724</b>

**City of Ishpeming, Michigan**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
December 31, 2023

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 152,202	\$ 209,582	\$ 27,001	\$ 5,961	\$ 58,539	\$ 4,492	\$ 457,777
Investments	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-
Taxes receivable	111,991	-	-	-	-	-	111,991
Other receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>264,193</b>	<b>209,582</b>	<b>27,001</b>	<b>5,961</b>	<b>58,539</b>	<b>4,492</b>	<b>569,768</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 264,193</b>	<b>\$ 209,582</b>	<b>\$ 27,001</b>	<b>\$ 5,961</b>	<b>\$ 58,539</b>	<b>\$ 4,492</b>	<b>\$ 569,768</b>
<b>LIABILITIES</b>							
Cash overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	3,000	-	-	-	3,000
Accrued payroll	-	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Taxes levied for a subsequent period	111,991	-	-	-	-	-	111,991
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>111,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,991</b>
<b>FUND BALANCE</b>							
Non-spendable	-	-	-	-	-	-	-
Restricted	152,202	209,582	-	-	-	4,492	366,276
Committed	-	-	-	-	-	-	-
Assigned	-	-	24,001	5,961	58,539	-	88,501
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>152,202</b>	<b>209,582</b>	<b>24,001</b>	<b>5,961</b>	<b>58,539</b>	<b>4,492</b>	<b>454,777</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 264,193</b>	<b>\$ 209,582</b>	<b>\$ 27,001</b>	<b>\$ 5,961</b>	<b>\$ 58,539</b>	<b>\$ 4,492</b>	<b>\$ 569,768</b>

**City of Ishpeming, Michigan**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2023

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
<b>REVENUES:</b>							
Taxes	\$ 117,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,442
Federal sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	13,939	13,939
Charges for services	-	-	-	-	-	-	-
Interest and rentals	29	39	-	1	11	-	80
Contributions	-	-	3,000	-	9,472	-	12,472
Fines and forfeitures	-	-	-	-	-	-	-
Other revenue	-	-	-	1,200	-	-	1,200
<b>TOTAL REVENUES</b>	<b>117,471</b>	<b>39</b>	<b>3,000</b>	<b>1,201</b>	<b>9,483</b>	<b>13,939</b>	<b>145,133</b>
<b>EXPENDITURES:</b>							
Current Operations:		-					
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	5,331	18,752	24,083
Debt Service:							
Principal	70,000	-	-	-	-	-	70,000
Interest and fiscal charges	14,800	-	-	-	-	-	14,800
Capital outlay	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>84,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,331</b>	<b>18,752</b>	<b>108,883</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>32,671</b>	<b>39</b>	<b>3,000</b>	<b>1,201</b>	<b>4,152</b>	<b>(4,813)</b>	<b>36,250</b>
<b>OTHER FINANCING SOURCES:</b>							
Proceeds from borrowing	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Refunding bonds	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Transfers in	-	-	6,000	-	-	6,000	12,000
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>12,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>32,671</b>	<b>39</b>	<b>9,000</b>	<b>1,201</b>	<b>4,152</b>	<b>1,187</b>	<b>48,250</b>
Fund balance, beginning of year	119,531	209,543	15,001	4,760	54,387	3,305	406,527
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 152,202</b>	<b>\$ 209,582</b>	<b>\$ 24,001</b>	<b>\$ 5,961</b>	<b>\$ 58,539</b>	<b>\$ 4,492</b>	<b>\$ 454,777</b>

**City of Ishpeming, Michigan**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
December 31, 2023

	Teal Lake Recreation Passport Grant Fund	Parks Construction Fund	Partridge Creek Compost Fund	Senior Center Fund	2023 CWSRF Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,127	\$ -	\$ -	\$ 9,867	\$ -	\$ 35,994
Investments	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>26,127</b>	<b>-</b>	<b>-</b>	<b>9,867</b>	<b>-</b>	<b>35,994</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 26,127</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,867</b>	<b>\$ -</b>	<b>\$ 35,994</b>
<b>LIABILITIES</b>						
Cash overdrafts	\$ -	\$ -	\$ 17,769		\$ -	\$ 17,769
Accounts payable	-	-	-	-	-	-
Accrued payroll and related	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>17,769</b>	<b>-</b>	<b>-</b>	<b>17,769</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes levied for a subsequent period	-	-	-	-	-	-
Discount on investment	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>						
Non-spendable	-	-	-	-	-	-
Restricted	26,127	-	(17,769)	9,867	-	18,225
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>26,127</b>	<b>-</b>	<b>(17,769)</b>	<b>9,867</b>	<b>-</b>	<b>18,225</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 26,127</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,867</b>	<b>\$ -</b>	<b>\$ 35,994</b>



**City of Ishpeming, Michigan**

**NON-MAJOR CAPITAL PROJECTS FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2023

	Teal Lake Recreation Passport Grant Fund	Parks Construction Fund	Partridge Creek Compost Fund	Senior Center Fund	2023 CWSRF Fund	Total
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	74,562	398,536	-	473,098
State sources	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest income and rentals	-	-	-	-	-	-
Contributions	34,025	-	-	-	-	34,025
Other revenues	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>34,025</b>	<b>-</b>	<b>74,562</b>	<b>398,536</b>	<b>-</b>	<b>507,123</b>
<b>EXPENDITURES:</b>						
Current Operations:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and culture	406	-	78,331	-	-	78,737
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	7,492	-	-	9,413	-	16,905
<b>TOTAL EXPENDITURES</b>	<b>7,898</b>	<b>-</b>	<b>78,331</b>	<b>9,413</b>	<b>-</b>	<b>95,642</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>26,127</b>	<b>-</b>	<b>(3,769)</b>	<b>389,123</b>	<b>-</b>	<b>411,481</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Refunding bonds	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(14,000)	-	-	(14,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(14,000)</b>	<b>-</b>	<b>-</b>	<b>(14,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>26,127</b>	<b>-</b>	<b>(17,769)</b>	<b>389,123</b>	<b>-</b>	<b>397,481</b>
Fund balance, beginning of year, as restated	-	-	-	(379,256)	-	(379,256)
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 26,127</b>	<b>\$ -</b>	<b>\$ (17,769)</b>	<b>\$ 9,867</b>	<b>\$ -</b>	<b>\$ 18,225</b>

City of Ishpeming, Michigan

ENTERPRISE FUNDS

The function of the ENTERPRISE FUNDS is to record the financing, acquisition, operation and maintenance of the City activities that are predominantly self-supporting from user charges. The accrual basis of accounting is used in recording Enterprise Fund transactions.

The major Enterprise Funds of the City are the SEWER FUND and WATER FUND. The non-major Enterprise Funds of the City are the BRASSWIRE CAMPGROUND FUND, and GARBAGE AND RUBBISH FUND.

SEWER FUND to account for the management of the sanitary sewer operation and booster station related activities including billing, maintenance, and construction.

WATER FUND to account for the management of the water treatment and distribution related activities including billing, maintenance, and construction.

BRASSWIRE CAMPGROUND FUND to account for the management of the rustic campground related activities including billing, maintenance, and construction.

GARBAGE AND RUBBISH FUND to account for the management of the garbage related activities including billing, maintenance, and construction.

**City of Ishpeming, Michigan**

**SEWER FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,972,075	\$ 2,156,223
Investments	55,944	54,529
Accounts receivable	258,956	285,915
Allowance for uncollectible accounts	-	-
Delinquent utilities	10,914	10,914
Prepaid	2,983	-
Non-current Assets:		
Investment in Wastewater Treatment Facility	3,611,766	3,735,241
Advance to other funds	103,123	103,123
Capital Assets:		
Land and construction in progress	565,943	-
Other capital assets, net of depreciation	4,493,527	4,836,799
Total Capital Assets	<u>5,059,470</u>	<u>4,836,799</u>
<b>TOTAL ASSETS</b>	<u>11,075,231</u>	<u>11,182,744</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>193,755</u>	<u>390,700</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>193,755</u>	<u>390,700</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1,806	6,946
Accrued payroll and related	7,825	3,982
Accrued interest	4,921	4,921
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Pension obligation bonds	63,055	62,348
Compensated absences	-	-
Portion due or payable after one year		
Pension obligation bonds	1,106,673	1,169,825
Compensated absences	-	61
Net pension liability (asset)	<u>(171,325)</u>	<u>208,753</u>
<b>TOTAL LIABILITIES</b>	<u>1,012,955</u>	<u>1,456,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>9,337</u>	<u>17,806</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,337</u>	<u>17,806</u>
<b>NET POSITION</b>		
Net investment in capital assets	8,671,236	8,572,040
Unrestricted	<u>1,575,458</u>	<u>1,526,762</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 10,246,694</u></u>	<u><u>\$ 10,098,802</u></u>

**City of Ishpeming, Michigan**

**SEWER FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,736,761	\$ 1,772,888
Other revenue	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,736,761</u>	<u>1,772,888</u>
<b>OPERATING EXPENSES:</b>		
Personal services	104,413	432,965
Contractual services	706,200	557,329
Supplies	22,147	6,238
Utilities	4,080	3,803
Depreciation	452,499	449,263
Equipment rental	41,199	50,207
Other expenses	<u>109,335</u>	<u>38,286</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,439,873</u>	<u>1,538,091</u>
<b>OPERATING INCOME (LOSS)</b>	<u>296,888</u>	<u>234,797</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest (expense)	(27,403)	(27,765)
Gain/(loss) on wastewater facility	(123,475)	(66,397)
Interest income	<u>1,882</u>	<u>327</u>
<b>TOTAL NON-OPERATING (EXPENSES)</b>	<u>(148,996)</u>	<u>(93,835)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	147,892	140,962
Federal sources	-	-
State sources	-	-
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>(94,694)</u>
<b>CHANGE IN NET POSITION</b>	147,892	46,268
Net position, beginning of year, as restated	<u>10,098,802</u>	<u>10,052,534</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 10,246,694</u></u>	<u><u>\$ 10,098,802</u></u>

**City of Ishpeming, Michigan**

**SEWER FUND**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from fees and charges for services	\$ 1,763,720	\$ 1,743,345
Other operating revenues	-	-
Cash payments to employees for services	(292,233)	(305,987)
Cash payments to suppliers for goods and services	(891,084)	(650,826)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>580,403</b>	<b>786,532</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
(Increase) decrease in due from/advance to other funds	-	(103,123)
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	(94,694)
Proceeds from pension obligation bonds	-	-
Principal on pension obligation bonds	(62,445)	(60,931)
Interest on pension obligation bonds	(27,403)	(28,523)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(89,848)</b>	<b>(287,271)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on debt	-	-
Interest paid on debt	-	-
Proceeds from borrowing	-	-
Cash payments for capital assets	(675,170)	(40,142)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(675,170)</b>	<b>(40,142)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	(1,415)	(78)
Investment income	1,882	327
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>467</b>	<b>249</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(184,148)</b>	<b>459,368</b>
Cash and cash equivalents, beginning of year	2,156,223	1,696,855
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,972,075</b>	<b>\$ 2,156,223</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 296,888	\$ 234,797
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	452,499	449,263
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	26,959	(29,543)
(Increase) decrease in prepaid	(2,983)	43,941
Increase (decrease) in accounts payable	(5,140)	(38,904)
Increase (decrease) in accrued payroll	3,843	145
Increase (decrease) in accrued sick and vacation	(61)	(2,609)
Increase (decrease) in net pension liability and related	(191,602)	129,442
<b>NET ADJUSTMENTS</b>	<b>283,515</b>	<b>551,735</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 580,403</b>	<b>\$ 786,532</b>

**City of Ishpeming, Michigan**

**WATER FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,190,295	\$ 1,711,026
Accounts receivable	455,542	437,809
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	14,684
Due from other funds	-	-
Due from other governmental units	10,429	958
Prepaid	2,983	-
Non-current Assets:		
Cash and cash equivalents - restricted	1,061,216	887,905
Investment in Joint Water Authority	3,507,323	3,507,323
Advance to other funds	103,123	103,123
Capital Assets:		
Land and construction in progress	581,743	482,982
Other capital assets, net of depreciation	12,699,437	13,097,230
Total Capital Assets	<u>13,281,180</u>	<u>13,580,212</u>
<b>TOTAL ASSETS</b>	<u>20,612,091</u>	<u>20,243,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>319,965</u>	<u>603,126</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>319,965</u>	<u>603,126</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	81,056	48,007
Customer deposits payable	200,951	186,438
Accrued payroll and related	13,466	8,395
Accrued interest	20,725	20,725
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Revenue bonds	164,000	161,000
Pension obligation bonds	86,553	85,580
Compensated absences	-	-
Portion due or payable after one year		
Revenue bonds	7,900,000	8,064,000
Pension obligation bonds	1,519,040	1,605,780
Compensated absences	15,177	13,403
Net pension liability	<u>524,795</u>	<u>1,046,878</u>
<b>TOTAL LIABILITIES</b>	<u>10,525,763</u>	<u>11,240,206</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>-</u>	<u>24,424</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>24,424</u>
<b>NET POSITION</b>		
Net investment in capital assets	8,724,503	8,862,535
Restricted for:		
Debt service	1,020,215	838,346
Unrestricted (deficit)	<u>661,575</u>	<u>(119,345)</u>
<b>TOTAL NET POSITION</b>	<u>\$10,406,293</u>	<u>\$ 9,581,536</u>

**City of Ishpeming, Michigan**

**WATER FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 2,545,487	\$ 2,554,668
Other revenue	<u>2,207</u>	<u>2,853</u>
<b>TOTAL OPERATING REVENUES</b>	<u>2,547,694</u>	<u>2,557,521</u>
<b>OPERATING EXPENSES:</b>		
Personal services	251,429	836,919
Contractual services	674,337	611,838
Supplies	141,488	53,464
Utilities	22,651	17,381
Depreciation	397,793	384,493
Equipment rental	80,517	110,163
Other expenses	<u>46,787</u>	<u>74,074</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,615,002</u>	<u>2,088,332</u>
<b>OPERATING INCOME (LOSS)</b>	<u>932,692</u>	<u>469,189</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest (expense)	(200,525)	(203,673)
Interest income	<u>393</u>	<u>282</u>
<b>TOTAL NON-OPERATING (EXPENSES)</b>	<u>(200,132)</u>	<u>(203,391)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	732,560	265,798
Federal sources	-	-
State sources	128,197	6,315
Transfers in	-	-
Transfers (out)	<u>(36,000)</u>	<u>(119,946)</u>
<b>CHANGE IN NET POSITION</b>	824,757	152,167
Net position, beginning of year	<u>9,581,536</u>	<u>9,429,369</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 10,406,293</u></u>	<u><u>\$ 9,581,536</u></u>

**City of Ishpeming, Michigan**

**WATER FUND**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from fees and charges for services	\$ 2,542,438	\$ 2,502,136
Other operating revenues	(7,264)	131,282
Cash payments to employees for services	(507,930)	(661,622)
Cash payments to suppliers for goods and services	(921,201)	(811,729)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,106,043</b>	<b>1,160,067</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Increase (decrease) in cash overdraft	-	-
(Increase) decrease in due from/advance to other funds	-	(103,123)
Increase (decrease) in due to other funds	-	-
Transfers in (out)	(36,000)	(119,946)
Proceeds from pension obligation bonds	-	-
Principal on pension obligation bonds	(85,767)	(83,635)
Interest on pension obligation bonds	(37,614)	(39,152)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(159,381)</b>	<b>(345,856)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on debt	(161,000)	(157,000)
Interest paid on debt	(162,911)	(166,070)
Proceeds from borrowing	-	-
Cash payments for capital assets	(98,761)	(611,165)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	128,197	6,315
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(294,475)</b>	<b>(927,920)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	393	282
(Increase) decrease in restricted assets	(173,311)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(172,918)</b>	<b>282</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>479,269</b>	<b>(113,427)</b>
Cash and cash equivalents, beginning of year	1,711,026	1,824,453
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,190,295</b>	<b>\$ 1,711,026</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 932,692	\$ 469,189
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	397,793	384,493
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(3,049)	(52,532)
(Increase) decrease in due from other governmental units	(9,471)	128,429
(Increase) decrease in prepaid	(2,983)	-
Increase (decrease) in accounts payable	33,049	45,134
Increase (decrease) in customer deposits payable	14,513	10,057
Increase (decrease) in accrued payroll	5,071	183
Increase (decrease) in accrued sick and vacation	1,774	(2,561)
Increase (decrease) in net pension liability and related	(263,346)	177,675
<b>NET ADJUSTMENTS</b>	<b>173,351</b>	<b>690,878</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,106,043</b>	<b>\$ 1,160,067</b>



**City of Ishpeming, Michigan**

**BRASSWIRE CAMPGROUND FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	-	-
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	-
Due from other governmental units	-	-
Non-current Assets:		
Cash and cash equivalents - restricted	-	-
Capital Assets:		
Land and construction in progress	-	306,618
Other capital assets, net of depreciation	307,301	-
Total Capital Assets	<u>307,301</u>	<u>306,618</u>
<b>TOTAL ASSETS</b>	<u>307,301</u>	<u>306,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdrafts	86,560	61,313
Accounts payable	-	-
Customer deposits payable	-	-
Accrued payroll and related	-	-
Accrued interest	-	-
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Advance from other funds	-	-
Portion due or payable after one year		
Advance from other funds	206,246	206,246
<b>TOTAL LIABILITIES</b>	<u>292,806</u>	<u>267,559</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	307,301	306,618
Restricted for:		
Debt service	-	-
Unrestricted (deficit)	<u>(292,806)</u>	<u>(267,559)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 14,495</u></u>	<u><u>\$ 39,059</u></u>

**City of Ishpeming, Michigan**

**BRASSWIRE CAMPGROUND FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 3,865	\$ -
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	<u>3,865</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Personal services	7,922	8,466
Contractual services	8,306	3,320
Supplies	6,415	14,300
Utilities	-	-
Depreciation	-	-
Equipment rental	5,786	10,559
Other expenses	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>28,429</u>	<u>36,645</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(24,564)</u>	<u>(36,645)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest income	-	-
<b>TOTAL NON-OPERATING (EXPENSES)</b>	<u>-</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<u>(24,564)</u>	<u>(36,645)</u>
State sources	-	100,000
Transfers in	-	-
Transfers (out)	-	-
<b>CHANGE IN NET POSITION</b>	<u>(24,564)</u>	<u>63,355</u>
Net position, beginning of year	<u>39,059</u>	<u>(24,296)</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 14,495</u></u>	<u><u>\$ 39,059</u></u>

**City of Ishpeming, Michigan**

**BRASSWIRE CAMPGROUND FUND**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from fees and charges for services	\$ 3,865	\$ -
Other operating revenues	-	-
Cash payments to employees for services	(7,922)	(8,466)
Cash payments to suppliers for goods and services	(20,507)	(28,179)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(24,564)</b>	<b>(36,645)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Increase (decrease) in cash overdraft	25,247	37,017
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	206,246
Transfers in (out)	-	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>25,247</b>	<b>243,263</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash payments for capital assets	(683)	(306,618)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	100,000
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(683)</b>	<b>(206,618)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (24,564)	\$ (36,645)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued payroll	-	-
Increase (decrease) in unavailable revenue	-	-
<b>NET ADJUSTMENTS</b>	<b>-</b>	<b>-</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (24,564)</b>	<b>\$ (36,645)</b>

**City of Ishpeming, Michigan**

**GARBAGE & RUBBISH FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 414,788	\$ 277,302
Accounts receivable	145,246	159,007
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	6,162
Due from other governmental units	-	-
Non-current Assets:		
Cash and cash equivalents - restricted	-	-
Capital Assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	-	-
Total Capital Assets	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>560,034</u>	<u>442,471</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	29,846	9,907
Customer deposits payable	-	-
Accrued payroll and related	130	45
Accrued interest	-	-
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<u>29,976</u>	<u>9,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>9,840</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,840</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	-	-
Restricted for:		
Debt service	-	-
Unrestricted (deficit)	<u>520,218</u>	<u>432,519</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 520,218</u></u>	<u><u>\$ 432,519</u></u>

**City of Ishpeming, Michigan**

**GARBAGE & RUBBISH FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 901,114	\$ 887,767
Other revenue	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<u>901,114</u>	<u>887,767</u>
<b>OPERATING EXPENSES:</b>		
Personal services	30,112	29,829
Contractual services	728,634	696,433
Supplies	1,417	6,442
Utilities	2,970	2,740
Depreciation	-	-
Equipment rental	35,051	30,156
Other expenses	<u>15,298</u>	<u>11,297</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>813,482</u>	<u>776,897</u>
<b>OPERATING INCOME (LOSS)</b>	<u>87,632</u>	<u>110,870</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest income	<u>67</u>	<u>32</u>
<b>TOTAL NON-OPERATING (EXPENSES)</b>	<u>67</u>	<u>32</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	87,699	110,902
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	87,699	110,902
Net position, beginning of year	<u>432,519</u>	<u>321,617</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 520,218</u></u>	<u><u>\$ 432,519</u></u>

**City of Ishpeming, Michigan**

**GARBAGE & RUBBISH FUND**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from fees and charges for services	\$ 930,877	\$ 870,378
Other operating revenues	-	-
Cash payments to employees for services	(30,027)	(29,806)
Cash payments to suppliers for goods and services	(763,431)	(772,918)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>137,419</b>	<b>67,654</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash payments for capital assets	-	-
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	67	32
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>67</b>	<b>32</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>137,486</b>	<b>67,686</b>
Cash and cash equivalents, beginning of year	277,302	209,616
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 414,788</b>	<b>\$ 277,302</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 87,632	\$ 110,870
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	19,923	(3,576)
Increase (decrease) in accounts payable	19,939	(25,850)
Increase (decrease) in accrued payroll	85	23
Increase (decrease) in unavailable revenue	9,840	(13,813)
<b>NET ADJUSTMENTS</b>	<b>49,787</b>	<b>(43,216)</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 137,419</b>	<b>\$ 67,654</b>

City of Ishpeming, Michigan

INTERNAL SERVICE FUNDS

The function of the Internal Service Funds is to account for funds that are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

MOTOR POOL FUND to operate as a self-supporting fund and will be responsible for the maintenance and purchasing of vehicles and equipment utilized in various departments of the City.

**City of Ishpeming, Michigan**

**MOTOR POOL FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 499,629	\$ 448,438
Due from other funds	-	-
Non-current Assets:		
Capital Assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	1,151,252	785,760
Total Capital Assets	<u>1,151,252</u>	<u>785,760</u>
<b>TOTAL ASSETS</b>	<u>1,650,881</u>	<u>1,234,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	288,005	5,111
Accrued payroll and related	3,458	2,464
Accrued interest	5,592	-
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Notes payable	84,186	71,839
Compensated absences	-	-
Portion due or payable after one year		
Notes payable	189,412	103,760
Compensated absences	4,953	5,416
Net pension liability (asset)	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>575,606</u>	<u>188,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to pension	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	877,654	610,161
Restricted	-	-
Unrestricted (deficit)	<u>197,621</u>	<u>435,447</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,075,275</u></u>	<u><u>\$ 1,045,608</u></u>



**City of Ishpeming, Michigan**

**MOTOR POOL FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES:</b>		
Federal sources	\$ -	\$ -
State sources	-	-
Rentals	782,188	782,519
Charges for services	-	-
Other revenue	<u>21,331</u>	<u>48</u>
<b>TOTAL OPERATING REVENUES</b>	<u>803,519</u>	<u>782,567</u>
<b>OPERATING EXPENSES:</b>		
Personal services	208,340	214,855
Contractual services	7,821	4,053
Supplies	234,857	281,872
Depreciation	162,611	144,158
Other expenses	<u>94,684</u>	<u>81,662</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>708,313</u>	<u>726,600</u>
<b>OPERATING INCOME (LOSS)</b>	<u>95,206</u>	<u>55,967</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest (expense)	(20,626)	(7,988)
Gain/(loss) on sale of assets	24,971	-
Interest income	<u>116</u>	<u>65</u>
<b>TOTAL NON-OPERATING (EXPENSES)</b>	<u>4,461</u>	<u>(7,923)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	99,667	48,044
Transfers in	-	-
Transfers (out)	<u>(70,000)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	29,667	48,044
Net position, beginning of year	<u>1,045,608</u>	<u>997,564</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,075,275</u></u>	<u><u>\$ 1,045,608</u></u>

**City of Ishpeming, Michigan**

**MOTOR POOL FUND**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from fees and charges for services	\$ -	\$ -
Other operating revenues	803,519	782,567
Cash payments to employees for services	(207,809)	(218,538)
Cash payments to suppliers for goods and services	(54,468)	(367,639)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>541,242</b>	<b>196,390</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	(70,000)	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(70,000)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on debt	(97,030)	(70,698)
Interest paid on debt	(15,034)	(7,988)
Proceeds from borrowing	195,029	-
Cash payments for capital assets	(528,103)	(11,475)
Proceeds from sale of capital assets	24,971	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(420,167)</b>	<b>(90,161)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	116	65
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>116</b>	<b>65</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>51,191</b>	<b>106,294</b>
Cash and cash equivalents, beginning of year	448,438	342,144
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 499,629</b>	<b>\$ 448,438</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 95,206	\$ 55,967
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	162,611	144,158
Change in assets and liabilities:		
Increase (decrease) in accounts payable	282,894	(52)
Increase (decrease) in accrued payroll	994	(916)
Increase (decrease) in accrued sick and vacation	(463)	(2,767)
Increase (decrease) in net pension liability and related	-	-
<b>NET ADJUSTMENTS</b>	<b>446,036</b>	<b>140,423</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 541,242</b>	<b>\$ 196,390</b>

City of Ishpeming, Michigan

DISCRETELY PRESENTED COMPONENT UNIT

The function of DISCRETELY PRESENTED COMPONENT UNIT is to account for assets and liabilities held by the component unit as well as activity conducted under the component unit. This includes the Downtown Development Authority.

**City of Ishpeming, Michigan**

DISCRETELY PRESENTED COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

COMPARATIVE BALANCE SHEET

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 408,417	\$ 335,390
Investments	16,490	15,791
Accounts receivable, net	-	-
Taxes receivable	267,667	260,385
Other receivable	-	-
Due from other governments	-	-
Primary government internal balances	409,719	446,966
Prepays	-	-
Notes receivable	-	-
<b>TOTAL ASSETS</b>	<b>1,102,293</b>	<b>1,058,532</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,102,293</b>	<b>\$ 1,058,532</b>
<b>LIABILITIES</b>		
Cash overdrafts	\$ -	\$ -
Accounts payable	900	-
Due to comp unit	-	-
Accrued payroll and related	239	102
Accrued sick and vacation leave	-	-
Unearned revenue	-	-
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<b>1,139</b>	<b>102</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	267,668	278,986
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>267,668</b>	<b>278,986</b>
<b>FUND BALANCE</b>		
Non-spendable	409,719	446,966
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	423,767	379,966
<b>TOTAL FUND BALANCE</b>	<b>833,486</b>	<b>826,932</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 1,102,293</b>	<b>\$ 1,106,020</b>

City of Ishpeming, Michigan

RECONCILIATION OF THE BALANCE SHEET OF THE DOWNTOWN DEVELOPMENT  
AUTHORITY TO THE STATEMENT OF NET POSITION

December 31, 2023

**Total Fund Balances for Downtown Development Authority** \$ 833,486

*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 treasurers	\$ -	
Other capital assets, net of depreciation	<u>1,288,521</u>	1,288,521

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	(124,485)	
Accrued interest on debt	(6,195)	
Bonds payable	(804,810)	
Premium on bonds	<u>(45,915)</u>	<u>(981,405)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 1,140,602

**City of Ishpeming, Michigan**

DISCRETELY PRESENTED COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023					
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
<b>REVENUES:</b>						
Taxes	\$ 254,808	\$ 254,808	\$ -	\$ 260,610	\$ 5,802	\$ 255,517
Federal sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Interest income and rentals	100	100	-	774	674	205
Contributions	2,000	2,000	-	1,200	(800)	308
Other revenue	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>256,908</b>	<b>256,908</b>	<b>-</b>	<b>262,584</b>	<b>5,676</b>	<b>256,030</b>
<b>EXPENDITURES:</b>						
Other governmental	108,490	108,490	-	64,192	44,298	41,903
Debt service:						
Principal	124,840	124,840	-	124,485	355	121,590
Interest and fiscal charges	19,890	19,890	-	19,865	25	22,592
Total Debt Service	144,730	144,730	-	144,350	380	144,182
<b>TOTAL EXPENDITURES</b>	<b>253,220</b>	<b>253,220</b>	<b>-</b>	<b>208,542</b>	<b>44,678</b>	<b>186,085</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,688</b>	<b>3,688</b>	<b>-</b>	<b>54,042</b>	<b>50,354</b>	<b>69,945</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>3,688</b>	<b>3,688</b>	<b>-</b>	<b>54,042</b>	<b>50,354</b>	<b>69,945</b>
Fund balance, beginning of year	779,444	779,444	-	779,444	-	709,499
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 783,132</b>	<b>\$ 783,132</b>	<b>\$ -</b>	<b>\$ 833,486</b>	<b>\$ 50,354</b>	<b>\$ 779,444</b>

**City of Ishpeming, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF THE DOWNTOWN DEVELOPMENT AUTHORITY TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2023

**Net Change in Fund Balances - Total Governmental Funds** \$ 54,042

*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	\$ -	
Depreciation expense	(113,417)	
Net book value of disposed assets	-	(113,417)

Repayment of principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	124,485
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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.	-
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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	5,739
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	830
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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.	-
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 71,679</b>
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## **COMPLIANCE SUPPLEMENTS**





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Report to Management as item 2023-001 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as item 2023-002.

## **City's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

June 30, 2024

## **COMMUNICATIONS SECTION**



***City of Ishpeming, Michigan***  
***Report to Management***  
***For the Year Ended December 31, 2023***

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

In planning and performing our audit of the 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 (the City) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

**SIGNIFICANT DEFICIENCIES**

**2023-001 – ASSISTANCE IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES (REPEAT)**

**Condition:** We assisted the City with preparation of the financial statements and related footnotes.

To the City Council of the  
City of Ishpeming, Michigan

**Criteria:** Statement on Auditing Standards #115 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

**Cause of Condition:** The staff of the City does not have adequate time to prepare all the information included in the annual financial statements. Therefore, we assisted in the preparing the financial statements and related footnotes.

**Effect:** We assisted management with the external financial reporting responsibility to ensure their financial statements are in accordance with GAAP.

**Recommendation:** We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - City Council
  - Finance Director
- Corrective Action Planned:
  - See separate Corrective Action Plan
- Anticipated Completion Date:
  - Not Applicable

**NON-COMPLIANCE**

**2023-002 – EXPENDITURES OVER APPROPRIATIONS (REPEAT)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated. The City's actual expenditures and budgeted expenditures for the Governmental Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended December 31, 2023, the City incurred functional expenditures which were in excess of the amounts appropriated as enumerated upon in the notes to the financial statements.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditure.

**Effect:** The City is not in compliance with State law.

**Recommendation:** The City should strictly control expenditures so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - City Council
  - City Manager
  - Finance Director

To the City Council of the  
City of Ishpeming, Michigan

- Corrective Action Planned:
  - See separate Corrective Action Plan
- Anticipated Completion Date:
  - Not Applicable

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The City's written response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, City Council, and others within the City, the Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

June 30, 2024



***City of Ishpeming, Michigan***  
***Communication with Those Charged with Governance***  
***For the Year Ended December 31, 2023***

June 30, 2024

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

We have audited the 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 (the City) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 2024. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to financial statements. Newly adopted accounting pronouncements are disclosed in the notes to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on historical charges for services, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the methods, assumptions, and

data used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of accumulated depreciation is based on historical cost and estimated useful life. We evaluated the methods, assumptions, and data used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued sick and vacation is based on employee pay rates, union contracts, retirement probabilities, and the various subsidiary ledgers maintained for hour balances. We evaluated the methods, assumptions, and data used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the City's Net Pension Liability is based on an actuarial performed for the Municipal Employees' Retirement System of Michigan to determine the City's liability. We evaluated the methods, assumptions, and data used to develop the Net Pension Liability, based on information provided by the Gabriel Roeder Smith & Company, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the City's portion of the Net Pension Liability (under GASB 67) for the Police and Fire Retirement System is based on an actuarial performed for the City of Ishpeming Police and Fire Retirement System Defined Benefit Retirement Plan to determine the City's Net Pension Liability. We evaluated the methods, assumptions, and data used to develop the City's Net Pension Liability, based on information provided by the Gabriel Roeder Smith & Company, in determining that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of Defined Benefit Retirement Plan in the Notes to the financial statements includes significant actuarial assumptions used in calculating the valuation. Gabriel Roeder Smith & Company was the actuarial company hired for preparation of the annual actuarial valuation. The disclosures made in the notes to the financial statements were based on information included their report.

The disclosure of the Policemen and Firemen Retirement System Defined Benefit Retirement Plan in the Notes to the financial statements includes significant actuarial assumptions used in calculating the valuation. Gabriel Roeder Smith & Company was the actuarial company hired for preparation of the annual actuarial valuation. The disclosures made in the notes to the financial statements were based on information included their report.

The disclosure of the City's Pension Liability related to the Police and Firemen Retirement System Defined Benefit Retirement Plan in the notes to the financial statements includes significant actuarial assumptions used in calculating the valuation. Gabriel Roeder Smith & Company was the actuarial company hired for



To the City Council of the  
City of Ishpeming, Michigan

preparation of the annual actuarial valuation in accordance with GASB 67. The disclosures made in notes to the financial statements were based on information included their report as of December 31, 2022.

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

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 30, 2024.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

To the City Council of the  
City of Ishpeming, Michigan

with governance. We consider the deficiencies described in the Report to Management as item 2023-001 to be a significant deficiency.

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as item 2023-002.

#### Other Matters

We applied certain limited procedures to the *Required Supplementary Information*, as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Other Financial Information*, as listed in the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### Restriction on Use

This information is intended solely for the use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

## **ATTACHMENT – UPCOMING GASB STANDARDS**

For the Year Ended December 31, 2023

The Governmental Accounting Standards Board (the Board) routinely issues pronouncements to enhance accounting and financial reporting. Below are synopses of currently issued standards that may be applicable to the City in the future. More information related to these standards can be found at [www.gasb.org](http://www.gasb.org) including full copies of the standards along with implementation guides and technical bulletins. We encourage management to review the following pronouncements to determine which standard(s) may be applicable to the City.

### **GASB 100: Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62**

*Effective for fiscal years beginning after June 15, 2023 (City's fiscal year 2024)*

The Board believes the requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

We do not expect this standard to have any significant effect on the City's financial statements.

### **GASB 101: Compensated Absences**

*Effective for fiscal years beginning after December 15, 2023 (City's fiscal year 2024)*

The Board believes the unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

We do not expect this standard to have a significant effect on the City's financial statements.

### **GASB 102: Certain Risk Disclosures**

*Effective for fiscal years beginning after June 15, 2024 (City's fiscal year 2025)*

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

## **ATTACHMENT – UPCOMING GASB STANDARDS**

For the Year Ended December 31, 2023

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The Board believes the requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

We expect this standard could have a significant effect on the City's financial statements.

### **GASB 103: Financial Reporting Model Improvements**

*Effective for fiscal years beginning after June 15, 2025 (City's fiscal year 2026)*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed and avoid "boilerplate" discussions. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and

**ATTACHMENT – UPCOMING GASB STANDARDS**

For the Year Ended December 31, 2023

expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

We expect this standard to have a significant effect on the presentation of the City's financial statements.



# CITY OF ISHPEMING, MICHIGAN

100 East Division Street • Ishpeming, Michigan 49849

City Manager	485 -1091	Police	486-4416	Library	486-4381
City Clerk	485 -1091	Fire	486-4426	Cemetery	486-6181
Treasurer	485- 1091	Public Works	486-9371	Al Quaal Recreation	486 -8301
City Attorney	485 -1091	Assessor	485-1091	Fax	485-6246

## *Corrective Action Plan*

For the Year Ended December 31, 2023

June 30, 2024

In response to the findings disclosed in the audited financial statements for the year ended December 31, 2023:

### **SIGNIFICANT DEFICIENCIES**

#### **2023-001 – ASSISTANCE IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES (REPEAT)**

##### **Corrective Action Plan:**

Currently the City staff does not have sufficient time and/or personnel available to prepare the financial statements and footnotes. Management is involved in the preparing the Management's Discussion and Analysis. Additionally, management reviews and approves the financial statements prepared by Anderson, Tackman & Company, PLC prior to issuance and submission to the Michigan Department of Treasury. We do not foresee the need for any changes to this procedure at this time.

### **NON-COMPLIANCE**

#### **2023-002 – EXPENDITURES OVER APPROPRIATIONS (REPEAT)**

##### **Corrective Action Plan:**

The City will continue to implement an incremental budgeting approach, modifying relevant data gathered from departments and expectations for the budgeting period. Budgets will be reviewed monthly and amended as needed in a timely manner.

*The City of Ishpeming is an equal opportunity program/employer.  
Auxiliary aids and service are available upon request-to individuals with disabilities.*