

CITY OF ISHPEMING, MICHIGAN
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

TABLE OF CONTENTS

Independent Auditor's Report.....	5
Management's Discussion and Analysis (Unaudited).....	9

BASIC FINANCIAL STATEMENTS

Statement of Net Position.....	18
Statement of Activities.....	19
Governmental Funds Balance Sheet.....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance.....	22
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Proprietary Funds Statements of Net Position.....	24
Proprietary Funds Statements of Revenues, Expenses and Changes in Net Position.....	25
Proprietary Funds Statements of Cash Flows.....	26
Fiduciary Funds Statements of Fiduciary Net Position.....	27
Fiduciary Funds Statements of Changes in Fiduciary Net Position.....	28
Notes to Financial Statements.....	29

REQUIRED SUPPLEMENTARY INFORMATION

Michigan Municipal Employees' Retirement System:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios.....	71
Schedule of Contributions.....	73
Police and Fire Retirement System:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios.....	74
Schedule of City Contributions.....	76
Schedule of Investment Returns.....	77

Major Governmental Funds

General Fund – Budgetary Comparison Schedule.....	79
Major Special Revenue Funds:	
Major Street Fund – Budgetary Comparison Schedule.....	81
Local Street Fund – Budgetary Comparison Schedule.....	82

OTHER FINANCIAL INFORMATION

Non-major Governmental Funds

Non-major Governmental Funds:	
Combining Balance Sheet.....	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	86
Non-major Special Revenue Funds:	
Combining Balance Sheet.....	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	88
Non-major Capital Projects Funds:	
Combining Balance Sheet.....	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	90

Enterprise Funds

Sewer Fund:	
Comparative Statement of Net Position.....	92
Statement of Revenues, Expenses and Changes in Net Position.....	93
Statement of Cash Flows.....	94
Water Fund:	
Comparative Statement of Net Position.....	95
Statement of Revenues, Expenses and Changes in Net Position.....	96
Statement of Cash Flows.....	97
Brasswire Campground Fund:	
Comparative Statement of Net Position.....	98
Statement of Revenues, Expenses and Changes in Net Position.....	99
Statement of Cash Flows.....	100
Garbage & Rubbish Fund:	
Comparative Statement of Net Position.....	101
Statement of Revenues, Expenses and Changes in Net Position.....	102

Statement of Cash Flows.....	103
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Internal Service Funds

Motor Pool Fund:

Comparative Statement of Net Position.....	105
Statement of Revenues, Expenses and Changes in Net Position.....	106
Statement of Cash Flows.....	107

Discretely Presented Component Unit

Downtown Development Authority (DDA):

Comparative Balance Sheet.....	109
Reconciliation of the Balance Sheet of DDA to the Statement of Net Position.....	110
Statement of Revenues, Expenditures and Changes in Fund Balance.....	111
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the DDA to the Statement of Activities.....	112

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 <i>Government Auditing Standards</i>	114
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COMMUNICATIONS SECTION

Report to Management	117
Communication with Those Charged with Governance.....	119
Corrective Action Plan	126



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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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,

City Council of the
City of Ishpeming, Michigan

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 accompanying 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, 2023, 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 2023 financial statements for the year ended December 31, 2023, 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 2023 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 2023 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.

City Council of the
City of Ishpeming, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2025, 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, PLC
Certified Public Accountants

July 30, 2025

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, 2024. Please read it in conjunction with the financial statements included below.

FINANCIAL HIGHLIGHTS

- Net position for the City as a whole increased by \$9,373,503 as a result of this year's operations. Net position of our business-type activities increased by \$9,552,321 or 45 percent, and net position of our governmental activities decreased by \$178,818 or 1 percent.
- During the year, the City had expenses for governmental activities that were \$6,252,646, generated \$6,073,828 in general revenues and other program sources, and \$-0- for transfers in.
- The City's business-type activities had expenses of \$5,353,073, generated \$14,905,394 in general revenues and other program sources, and \$-0- in transfers out.
- The General Fund reported a net change in fund balance of (\$181,165); this is \$73,710 less than the forecasted decrease of \$254,875.

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, 2024 and 2023.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$8,117,131	\$8,216,364	\$9,629,588	\$5,433,595	\$17,746,719	\$13,649,959
Non-current assets	-	-	8,141,411	8,180,305	8,141,411	8,180,305
Capital assets, net	19,041,565	19,468,109	30,776,503	18,647,951	49,818,068	38,116,060
Total Assets	27,158,696	27,684,473	48,547,502	32,261,851	75,706,198	59,946,324
Deferred outflows of resources	1,923,848	2,468,023	330,878	513,720	2,254,726	2,981,743
Current and other liabilities	696,722	1,050,345	2,963,961	360,726	3,660,683	1,411,071
Long-term liabilities	10,440,957	11,330,123	15,164,558	11,207,968	25,605,515	22,538,091
Total Liabilities	11,137,679	12,380,468	18,128,519	11,568,694	29,266,198	23,949,162
Deferred inflows of resources	3,172,997	2,634,223	9,840	19,177	3,182,837	2,653,400
Net Position:						
Net investment in capital assets	16,562,694	16,702,806	25,766,179	17,703,040	42,328,873	34,405,846
Restricted	4,255,590	3,929,834	1,002,089	1,020,215	5,257,679	4,950,049
Unrestricted	(6,046,416)	(5,494,835)	3,971,753	2,464,445	(2,074,663)	(3,030,390)
Total Net Position	\$14,771,868	\$15,137,805	\$30,740,021	\$21,187,700	\$45,511,889	\$36,325,505

Net position of the City's governmental activities stood at \$14,771,868. *Unrestricted* net position—the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at (\$6,046,416).

The (\$6,046,416) 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 \$30,740,021. 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 2024 and 2023.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	\$333,887	\$319,326	\$5,715,303	\$5,189,434	\$6,049,190	\$5,508,760
Operating grants and contributions	1,729,768	3,486,037	-	-	1,729,768	3,486,037
Capital grants and contributions	138,163	-	9,131,727	128,197	9,269,890	128,197
General Revenues:						
Property taxes	2,571,211	2,580,500	-	-	2,571,211	2,580,500
Unrestricted intergovernmental	1,044,446	1,031,941	-	-	1,044,446	1,031,941
Interest and investment earnings	74,810	40,997	62,071	2,342	136,881	43,339
Fines and forfeitures	52,429	51,356	-	-	52,429	51,356
Miscellaneous	129,114	97,939	-	-	129,114	97,939
Gain/(loss) on sale of assets	-	-	(3,707)	-	(3,707)	-
Total Revenues	6,073,828	7,608,096	14,905,394	5,319,973	20,979,222	12,928,069
Program Expenses:						
General government	2,096,369	2,376,962	-	-	2,096,369	2,376,962
Public safety	1,299,748	1,324,337	-	-	1,299,748	1,324,337
Public works	1,569,982	1,734,438	-	-	1,569,982	1,734,438
Community and economic development	97,921	107,396	-	-	97,921	107,396
Recreation and culture	829,376	673,252	-	-	829,376	673,252
Capital outlay	169,623	101,250	-	-	169,623	101,250
Interest on long-term debt	189,627	192,081	-	-	189,627	192,081
Sewer	-	-	1,733,262	1,590,751	1,733,262	1,590,751
Water	-	-	2,762,409	1,815,527	2,762,409	1,815,527
Brasswire Campground	-	-	26,227	28,429	26,227	28,429
Garbage & Rubbish	-	-	831,175	813,482	831,175	813,482
Total Expenses	6,252,646	6,509,716	5,353,073	4,248,189	11,605,719	10,757,905
Excess (deficiency) before transfers	(178,818)	1,098,380	9,552,321	1,071,784	9,373,503	2,170,164
Transfers in (out)	-	36,000	-	(36,000)	-	-
Increase (decrease) in net position	(178,818)	1,134,380	9,552,321	1,035,784	9,373,503	2,170,164
Net Position, Beginning	15,137,805	13,997,506	21,187,700	20,157,835	36,325,505	34,155,341
Prior period adjustment	(187,119)	5,919	-	(5,919)	(187,119)	-
Net Position, Beginning of year, as restated	14,950,686	14,003,425	21,187,700	20,151,916	36,138,386	34,155,341
Net Position, Ending	\$14,771,868	\$15,137,805	\$30,740,021	\$21,187,700	\$45,511,889	\$36,325,505

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

The City's total revenues were \$20,979,222; the total cost of all programs and services was \$11,605,719 leaving an increase in net position of \$9,373,503. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

Government activities net position decreased by \$178,818. This overall decrease was due to a change in combined governmental fund balance of \$185,428, changes in general fixed assets of (\$373,765), proceeds from borrowing of \$-0-, principal payments on debt of \$497,692, a change in accrued interest of \$1,898, adjustments due to amortization of deferred amounts on bond of \$4,421, internal service fund activity of (\$182,157), change in pension liability and related of (\$313,820) for MERS, change pension liability and related of \$107,034 for the Police and Fire Retirement System, and a change in compensated absences of (\$105,549).

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	\$2,096,369	\$1,908,235
Public Safety	1,299,748	1,101,078
Public Works	1,569,982	96,327

Business-type Activities

Business-type activities net position increased by \$9,552,321.

Sewer Fund

The Sewer Fund had an increase of \$8,302,371 during the current fiscal year. The majority of this was due to a federal grant of \$8,025,000 for the Clean Water State Revolving Fund (CWSRF) project. Total cost for the project is estimated at \$16 million with half of the funds coming from a grant through the Michigan Department of Environment, Great Lakes, and Energy and the other half being financed by the City through a low interest rate low through the State's revolving loan fund. All of the grant funds were expended in the current year and the City made draws of approximately \$4.1 million on the loan.

Water Fund

The Water Fund had an increase of \$1,233,906 during the current fiscal year. The majority of this was due to a federal grant for the Drinking Water State Revolving Fund (DWSRF) project. Total cost for the project is estimated at \$23 million with approximately \$8 million of the funds coming from a grant through the Michigan Department of Environment, Great Lakes, and Energy and the remainder being financed by the City through a low interest rate low through the State's revolving loan fund. The City recognized \$868,514 of the \$8,025,000 EGLE grant in the current fiscal year and only made draws of \$50,000 on the loan.

Non-Major Funds

Brasswire Campground was open for business in August 2023 and recognized a loss of \$10,627, but is anticipated to be self-sustaining with user fees in future years. Lastly, the Garbage & Rubbish Fund experienced a change in net position of \$26,671.

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

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 \$4,829,971, an increase of \$185,428 from the beginning of the year.

The combined fund balance increase of \$185,428 was due to increases in the Major Street Fund, Local Street, and the Public Improvement Fund offset by decreases in the General Fund and Other Governmental Funds.

Budgetary Highlights

When adopting the budget, the City budgets revenues conservatively. Throughout the year the City Council routinely adopts various budget amendments to better align the budget to actual results of the current year's activities.

General Fund

During the year the City Council adopted budget amendments that resulted in an increase in budgeted revenues of \$188,809 compared to the original budget. Actual revenues came in \$6,926 more than the final budget. Additionally, there were no adjustments to the budgeted transfers in, which came in on budget at \$181,503.

Throughout the year various departmental expenditures were amended resulting in an overall increase in budgeted expenditures of \$364,041. Tight expenditures control resulted in actual expenditures coming in under budget by \$66,784. Furthermore, the budgeted transfer out of \$3,000 was not utilized.

As a result, the current year loss was \$73,710 less than the final budgeted loss of \$254,875.

Major Street Fund

Budget amendments during the fiscal year resulted in an increase in budgeted revenues that was partially offset by an increase in budgeted expenditures. Although actual revenues were \$214,155 less than the final budget, expenditures were also less than the final budget by \$293,100. Furthermore, the City did not need to make the budgeted transfer out in the current fiscal year which left the Major Street Fund with an increase in fund balance \$178,945 more than forecasted.

Local Street Fund

Budget amendments during the fiscal year resulted in an increase in budgeted revenues that was offset by an increase in budgeted expenditures. Although actual revenues were \$98,552 less than the final budget, expenditures were also less than the final budget by \$627,573. Overall, the Local Street Fund experience an increase in fund balance of \$129,021 more than forecasted.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the City had \$49,818,068 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)

	2024			2023 Total
	Governmental Activities	Business-type Activities	Total	
Land	\$1,280,750	\$10,888	\$1,291,638	\$1,291,638
Historical treasures	135,275	-	135,275	135,275
Construction in progress	259,360	14,142,565	14,401,925	1,778,187
Land improvements	2,483,149	295,009	2,778,158	2,802,610
Buildings and improvements	4,989,025	17,280	5,006,305	5,257,128
Equipment and vehicles	1,788,738	117,161	1,905,899	2,011,268
Infrastructure	8,105,268	-	8,105,268	7,825,030
Sewer system and equipment	-	3,932,091	3,932,091	4,359,834
Water system and equipment	-	12,261,509	12,261,509	12,655,090
Total	<u>\$19,041,565</u>	<u>\$30,776,503</u>	<u>\$49,818,068</u>	<u>\$38,116,060</u>

Governmental Activities

During the year, the City placed into service various projects. Additionally, the City has multiple projects that were started in 2024 that were not completed before year end. This includes a new Columbarium and GIS system for the cemetery. The City also began work on a new skatepark, which is anticipated to be completed in fiscal year 2025. The skatepark is partially being funded through a MI Community Centers Grant through the State's Department of Labor and Economic Opportunity. These projects are reported as construction in progress.

Other notable asset additions included new radios for the fire department, new work truck, new pieces of equipment for DPW, and continued engineering for the Teal Lake Water Trail Project.

During the fiscal year the City disposed of various equipment.

Business-Type Activities

In 2024 the City continued work on its CWSRF project. Costs related to the project are reported as part of construction in progress.

In 2024 the City began work on its DWSRF project. Costs related to the project are reported as part of construction in progress.

During the fiscal year the City disposed of various equipment.

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

Debt

At year-end, the City had \$22,390,516 in bonds and notes outstanding as depicted in Table 5 below.

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

Table 5
Outstanding Debt at Year-End

	2024			2023 Total
	Governmental Activities	Business-type Activities	Total	
General Obligation Bonds	\$6,888,287	\$2,625,713	\$9,514,000	\$10,071,000
Refunding Bonds	585,405	-	585,405	675,705
Revenue Bonds	-	12,101,645	12,101,645	8,064,000
Contracts and notes payable	189,466	-	189,466	273,598
Total	\$7,663,158	\$14,727,358	\$22,390,516	\$19,084,303

During the year the City issued \$13,464,900 in Water Revenue Bonds to offset the costs of the DWSRF project; however, as of December 31, 2024 only \$50,000 in draws had been taken on the bond.

During the year the City made principal payments on governmental activities and business-type activities debt payments in the amount of \$581,824, and \$313,608.

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 2025 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 in its taxable value base over the past several years, averaging 6% per year. 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 \$1,052,416 in State Revenue Sharing for fiscal year 2025.

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 for a second year in a row August of 2025. This is just one of several of the many exciting changes taking place within the City of Ishpeming.

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

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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,130,507	\$ 5,778,750	\$ 9,909,257	\$ 584,405
Investments	987,964	55,944	1,043,908	17,251
Receivables, net	2,886,281	3,754,862	6,641,143	240,380
Primary government internal balances	-	-	-	-
Advance to primary government	-	-	-	372,472
Prepays and other assets	112,379	40,032	152,411	-
Non-current Assets:				
Cash and cash equivalents - restricted	-	1,050,090	1,050,090	-
Investment in Wastewater Treatment Facility	-	3,583,998	3,583,998	-
Investment in Joint Water Authority	-	3,507,323	3,507,323	-
Capital assets:				
Land, construction in progress and other non-depreciable assets	1,675,385	14,153,453	15,828,838	-
Other capital assets, net of depreciation	17,366,180	16,623,050	33,989,230	1,175,103
Total Capital Assets	<u>19,041,565</u>	<u>30,776,503</u>	<u>49,818,068</u>	<u>1,175,103</u>
TOTAL ASSETS	<u>27,158,696</u>	<u>48,547,502</u>	<u>75,706,198</u>	<u>2,389,611</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	1,580,882	330,878	1,911,760	-
Contributions subsequent to measurement date	342,966	-	342,966	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,923,848</u>	<u>330,878</u>	<u>2,254,726</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	255,281	2,702,181	2,957,462	9,212
Advance from component unit	372,472	-	372,472	-
Customer deposits payable	-	222,286	222,286	-
Accrued liabilities	19,677	10,848	30,525	60
Accrued interest	49,292	28,646	77,938	5,365
Unearned revenue	-	-	-	-
Non-current Liabilities:				
Portion due or payable within one year:				
Bonds payable	504,907	317,608	822,515	124,485
Notes payable	70,175	-	70,175	-
Compensated absences	-	-	-	-
Portion due or payable after one year:				
Bonds payable	6,999,727	14,409,750	21,409,477	720,286
Notes payable	119,291	-	119,291	-
Compensated absences	339,407	33,319	372,726	-
Net pension liability (asset)	<u>2,407,450</u>	<u>403,881</u>	<u>2,811,331</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,137,679</u>	<u>18,128,519</u>	<u>29,266,198</u>	<u>859,408</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	2,542,542	-	2,542,542	355,679
Deferred amounts related to pension	531,295	-	531,295	-
Unavailable revenue	<u>99,160</u>	<u>9,840</u>	<u>109,000</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,172,997</u>	<u>9,840</u>	<u>3,182,837</u>	<u>355,679</u>
NET POSITION				
Net investment in capital assets	16,562,694	25,766,179	42,328,873	330,332
Restricted	4,255,590	1,002,089	5,257,679	372,472
Unrestricted	<u>(6,046,416)</u>	<u>3,971,753</u>	<u>(2,074,663)</u>	<u>471,720</u>
TOTAL NET POSITION	<u>\$ 14,771,868</u>	<u>\$ 30,740,021</u>	<u>\$ 45,511,889</u>	<u>\$ 1,174,524</u>

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

City of Ishpeming, Michigan

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

Function / Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government					Component Unit
					Governmental Activities	Business-type Activities	Total			
Primary Government:										
Governmental Activities:										
General government	\$ 2,096,369	\$ 177,850	\$ 10,284	\$ -	\$ (1,908,235)	\$ -	\$ (1,908,235)	\$ -	\$ (1,908,235)	\$ -
Public safety	1,299,748	106,436	92,234	-	(1,101,078)	-	(1,101,078)	-	(1,101,078)	-
Public works	1,569,982	-	1,473,655	-	(96,327)	-	(96,327)	-	(96,327)	-
Community and economic development	97,921	-	79,381	-	(18,540)	-	(18,540)	-	(18,540)	-
Recreation and culture	829,376	49,601	74,214	-	(705,561)	-	(705,561)	-	(705,561)	-
Capital outlay	169,623	-	-	138,163	(31,460)	-	(31,460)	-	(31,460)	-
Interest on long-term debt	189,627	-	-	-	(189,627)	-	(189,627)	-	(189,627)	-
Total Governmental Activities	<u>6,252,646</u>	<u>333,887</u>	<u>1,729,768</u>	<u>138,163</u>	<u>(4,050,828)</u>	<u>-</u>	<u>(4,050,828)</u>	<u>-</u>	<u>(4,050,828)</u>	<u>-</u>
Business-Type Activities:										
Sewer	1,733,262	1,974,241	-	8,025,000	-	8,265,979	8,265,979	-	8,265,979	-
Water	2,762,409	2,873,612	-	1,106,727	-	1,217,930	1,217,930	-	1,217,930	-
Brasswire Campground	26,227	15,600	-	-	-	(10,627)	(10,627)	-	(10,627)	-
Garbage & Rubbish	831,175	851,850	-	-	-	20,675	20,675	-	20,675	-
Total Business-Type Activities	<u>5,353,073</u>	<u>5,715,303</u>	<u>-</u>	<u>9,131,727</u>	<u>-</u>	<u>9,493,957</u>	<u>9,493,957</u>	<u>-</u>	<u>9,493,957</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	\$ 11,605,719	\$ 6,049,190	\$ 1,729,768	\$ 9,269,890	(4,050,828)	9,493,957	5,443,129	-	5,443,129	-
Component Unit:										
Downtown Development Authority	<u>\$ 279,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,492)</u>
General Revenues:										
Property taxes				2,571,211	-	2,571,211	2,571,211	-	2,571,211	305,189
Unrestricted intergovernmental sources				1,044,446	-	1,044,446	1,044,446	-	1,044,446	-
Interest and investment earnings				74,810	62,071	136,881	136,881	-	136,881	7,975
Fines and Forfeitures				52,429	-	52,429	52,429	-	52,429	-
Miscellaneous				129,114	-	129,114	129,114	-	129,114	250
Gain/(loss) on sale of assets				-	(3,707)	(3,707)	(3,707)	-	(3,707)	-
Transfers				-	-	-	-	-	-	-
TOTAL GENERAL REVENUES & TRANSFERS	3,872,010			58,364		3,930,374	313,414			
CHANGE IN NET POSITION				(178,818)		9,552,321	9,373,503	33,922		
Net position, beginning of year, as restated				<u>14,950,686</u>		<u>21,187,700</u>	<u>36,138,386</u>	<u>1,140,602</u>		
NET POSITION, END OF YEAR	<u>\$ 14,771,868</u>			<u>\$ 30,740,021</u>		<u>\$ 45,511,889</u>	<u>\$ 1,174,524</u>			

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

City of Ishpeming, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2024

	Special Revenue			Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund	Public Improvement Fund			
ASSETS							
Cash and cash equivalents	\$ 747,770	\$ 837,207	\$ 778,951	\$ 819,538	\$ 1,072,365	\$ 4,255,831	
Investments	48,000	-	-	-	939,964	987,964	
Accounts receivable, net	88,483	-	-	-	-	88,483	
Taxes receivable	1,612,731	-	-	522,632	112,682	2,248,045	
Other receivable	1,585	-	-	-	-	1,585	
Due from other governments	244,804	148,021	56,183	-	99,160	548,168	
Due from other funds	200,867	-	-	-	-	200,867	
Inventory	77,219	-	-	-	-	77,219	
Prepays	28,806	-	-	-	-	28,806	
TOTAL ASSETS	3,050,265	985,228	835,134	1,342,170	2,224,171	8,436,968	
DEFERRED OUTFLOWS OF RESOURCES							
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,050,265	\$ 985,228	\$ 835,134	\$ 1,342,170	\$ 2,224,171	\$ 8,436,968	
LIABILITIES							
Cash overdrafts	\$ -	\$ -	\$ -	\$ -	\$ 151,439	\$ 151,439	
Accounts payable	98,913	1,495	6,250	85,309	31,302	223,269	
Due to component unit	372,472	-	-	-	-	372,472	
Accrued payroll and related	15,465	1,321	462	-	-	17,248	
Accrued sick and vacation leave	-	-	-	-	-	-	
Due to other funds	-	-	-	-	200,867	200,867	
Unearned revenue	-	-	-	-	-	-	
TOTAL LIABILITIES	486,850	2,816	6,712	85,309	383,608	965,295	
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	1,819,921	-	-	593,572	129,049	2,542,542	
Unavailable revenue	-	-	-	-	99,160	99,160	
TOTAL DEFERRED INFLOWS OF RESOURCES	1,819,921	-	-	593,572	228,209	2,641,702	
FUND BALANCE							
Non-spendable	106,025	-	-	-	988,983	1,095,008	
Restricted	-	982,412	828,422	663,289	686,459	3,160,582	
Committed	-	-	-	-	-	-	
Assigned	960	-	-	-	118,040	119,000	
Unassigned	636,509	-	-	-	(181,128)	455,381	
TOTAL FUND BALANCE	743,494	982,412	828,422	663,289	1,612,354	4,829,971	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,050,265	\$ 985,228	\$ 835,134	\$ 1,342,170	\$ 2,224,171	\$ 8,436,968	

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, 2024

Total Fund Balances for Governmental Funds	\$ 4,829,971
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*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	\$ 1,675,385
Other capital assets, net of depreciation	<u>16,267,707</u>
	17,943,092

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	(228,621)
Police and Fire Retirement System	(2,178,829)
Deferred outflows of resources related to pension -	
Michigan Municipal Employees' Retirement System	735,019
Police and Fire Retirement System	845,863
Employer contributions subsequent to measurement date	
Police and Fire Retirement System	342,966
Deferred (inflows) of resources related to net pension liability	
Michigan Municipal Employees' Retirement System	-
Police and Fire Retirement System	<u>(531,295)</u>
	(1,014,897)

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

Net position	<u>893,118</u>
	893,118

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	(209,515)
Current portion of pension obligation bonds payable	(295,392)
Current portion of notes and contracts payable	-
Accrued interest on debt	(44,527)
Compensated absences	(330,255)
Long-term bonds payable	(2,079,890)
Long-term pension obligation bonds payable	(4,888,895)
Long-term contracts and notes payable	-
Deferred amounts on bonds	(30,942)
Deferred gain on refunding	<u>-</u>
	<u>(7,879,416)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,771,868</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, 2024

	Special Revenue			Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund	Public Improvement Fund			
REVENUES:							
Taxes	\$ 1,885,001	\$ -	\$ -	\$ 564,580	\$ 121,630	\$ 2,571,211	
Federal sources	35,566	-	-	138,163	79,381	253,110	
State sources	1,139,744	884,362	579,480	9,813	13,323	2,626,722	
Licenses and permits	161,259	-	-	-	-	161,259	
Charges for service	155,285	-	-	-	20,075	175,360	
Interest income and rentals	24,299	10,699	9,268	13,791	18,697	76,754	
Contributions	-	-	-	49,581	23,325	72,906	
Fines and forfeitures	62,028	-	-	-	-	62,028	
Other revenues	74,478	-	-	-	-	74,478	
TOTAL REVENUES	3,537,660	895,061	588,748	775,928	276,431	6,073,828	
EXPENDITURES:							
Current Operations:							
General government	1,164,107	-	-	-	-	1,164,107	
Public safety	1,247,140	-	-	-	4,306	1,251,446	
Public works	506,127	573,266	394,660	-	-	1,474,053	
Community and economic development	97,921	-	-	-	-	97,921	
Recreation and culture	534,866	-	-	-	186,052	720,918	
Debt service:							
Principal	245,062	22,384	27,946	38,700	163,600	497,692	
Interest and fiscal charges	105,105	9,600	11,986	5,391	63,864	195,946	
Capital outlay	-	-	-	529,078	123,742	652,820	
TOTAL EXPENDITURES	3,900,328	605,250	434,592	573,169	541,564	6,054,903	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(362,668)	289,811	154,156	202,759	(265,133)	18,925	
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	-	-	-	-	-	-	
Transfers in	181,503	-	-	-	150,763	332,266	
Transfers (out)	-	-	-	(150,763)	(15,000)	(165,763)	
TOTAL OTHER FINANCING SOURCES (USES)	181,503	-	-	(150,763)	135,763	166,503	
CHANGE IN FUND BALANCE	(181,165)	289,811	154,156	51,996	(129,370)	185,428	
Fund balance, beginning of year, as restated	924,659	692,601	674,266	611,293	1,741,724	4,644,543	
FUND BALANCE, END OF YEAR	\$ 743,494	\$ 982,412	\$ 828,422	\$ 663,289	\$ 1,612,354	\$ 4,829,971	

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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 185,428
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*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	\$ 516,493
Depreciation expense	(890,258)
Net book value of disposed assets	(373,765)

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. 497,692

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,898

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	(182,157)
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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	(313,820)
Pension liability expense - Fire-Police Retirement	107,034
Compensated absences	(105,549) (312,335)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (178,818)
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City of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

December 31, 2024

	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	
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 3,196,104	\$ 2,205,673	\$ -	\$ 431,307	\$ 5,833,084	\$ 26,115	
Investments	55,944	-			55,944		
Accounts receivable	425,718	622,752	-	153,202	1,201,672		
Allowance for uncollectible accounts	-	-			-		
Delinquent utilities	-	-			-		
Due from other governmental units	2,547,342	5,848	-		2,553,190		
Prepads	20,334	17,792	-	1,906	40,032	6,354	
Non-current Assets:							
Cash and cash equivalents - restricted	56,000	994,090	-		1,050,090		
Investment in Wastewater Treatment Facility	3,583,998	-			3,583,998		
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	12,089,597	2,063,856	-		14,153,453		
Other capital assets, net of depreciation	4,030,105	12,297,936	295,009	-	16,623,050	1,098,473	
Total Capital Assets	<u>16,119,702</u>	<u>14,361,792</u>	<u>295,009</u>	<u>-</u>	<u>30,776,503</u>	<u>1,098,473</u>	
	TOTAL ASSETS	26,108,265	21,818,393	295,009	586,415	48,808,082	1,130,942
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts related to pension	111,290	219,588	-	-	330,878		
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	111,290	219,588	-	330,878		
LIABILITIES							
Current Liabilities:							
Cash overdrafts	-	-	54,334		54,334		
Accounts payable	2,550,940	91,031	30,561	29,649	2,702,181	32,012	
Customer deposits payable	-	222,286	-		222,286		
Accrued payroll and related	2,191	8,620	-	37	10,848	2,429	
Accrued interest	9,119	19,527	-		28,646	4,765	
Due to other funds	-	-	-		-		
Non-current Liabilities:							
Portion due or payable within one year							
Revenue bonds	-	168,000	-		168,000		
Pension obligation bonds	63,055	86,553	-		149,608		
Notes payable	-	-	-		-	70,175	
Compensated absences	-	-	-		-		
Advance from other funds	-	-	-		-		
Portion due or payable after one year							
Revenue bonds	4,151,645	7,782,000	-		11,933,645		
Pension obligation bonds	1,043,618	1,432,487	-		2,476,105		
Notes payable	-	-	-		-	119,291	
Compensated absences	-	33,319	-		33,319	9,152	
Advance from other funds	-	-	206,246		206,246		
Net pension liability (asset)	<u>(150,078)</u>	<u>553,959</u>	<u>-</u>	<u>-</u>	<u>403,881</u>		
	TOTAL LIABILITIES	7,670,490	10,397,782	291,141	29,686	18,389,099	237,824
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts related to pension	-	-	-	-	-		
Unavailable revenue	-	-	-	-	9,840	9,840	
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	9,840	9,840	-
NET POSITION							
Net investment in capital assets	15,552,055	9,919,115	295,009	-	25,766,179	909,007	
Restricted:							
Debt service	55,772	946,317	-	-	1,002,089		
Unrestricted	2,941,238	774,767	(291,141)	546,889	3,971,753	(15,889)	
	TOTAL NET POSITION	\$ 18,549,065	\$ 11,640,199	\$ 3,868	\$ 546,889	\$ 30,740,021	\$ 893,118

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, 2024

	Business-type Activities Enterprise Funds					Internal Service Funds	
	Major		Non-major				
	Sewer Fund	Water Fund	Brasswire Campground Fund	Garbage & Rubbish Fund	Total		
OPERATING REVENUES:							
Rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 815,866	
Charges for services	1,974,241	2,871,302	15,600	851,850	5,712,993	-	
Other operating revenue	-	2,310	-	-	2,310	-	
TOTAL OPERATING REVENUES	1,974,241	2,873,612	15,600	851,850	5,715,303	815,866	
OPERATING EXPENSES:							
Personal services	392,860	873,674	4,203	29,698	1,300,435	245,693	
Contractual services	727,845	982,927	5,078	743,452	2,459,302	13,574	
Supplies	15,767	87,165	2,072	8,526	113,530	258,998	
Utilities	3,482	29,228	-	3,293	36,003	-	
Depreciation	463,422	397,794	12,292	-	873,508	192,986	
Equipment rental	29,690	154,577	1,792	34,871	220,930	-	
Other expenses	41,280	41,479	790	11,335	94,884	114,390	
TOTAL OPERATING EXPENSES	1,674,346	2,566,844	26,227	831,175	5,098,592	825,641	
OPERATING INCOME	299,895	306,768	(10,627)	20,675	616,711	(9,775)	
NON-OPERATING REVENUES (EXPENSES):							
Interest (expense)	(31,148)	(195,565)	-	-	(226,713)	(10,605)	
Gain/(loss) on wastewater facility	(27,768)	-	-	-	(27,768)	-	
Gain/(loss) on sale of assets	-	(3,707)	-	-	(3,707)	1,500	
Interest income	36,392	19,683	-	5,996	62,071	3,226	
TOTAL NON-OPERATING REVENUES (EXPENSES)	(22,524)	(179,589)	-	5,996	(196,117)	(5,879)	
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS							
	277,371	127,179	(10,627)	26,671	420,594	(15,654)	
Federal sources	8,025,000	868,514	-	-	8,893,514	-	
State sources	-	238,213	-	-	238,213	-	
Transfers in	-	-	-	-	-	-	
Transfers (out)	-	-	-	-	-	(166,503)	
CHANGE IN NET POSITION	8,302,371	1,233,906	(10,627)	26,671	9,552,321	(182,157)	
Net position, beginning of year	10,246,694	10,406,293	14,495	520,218	21,187,700	1,075,275	
NET POSITION, END OF YEAR	\$ 18,549,065	\$ 11,640,199	\$ 3,868	\$ 546,889	\$ 30,740,021	\$ 893,118	

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, 2024

	Business-type Activities Enterprise Funds					Internal Service Funds	
	Major		Non-Major				
	Sewer Fund	Water Fund	Brasswire Campground Fund	Garbage & Rubbish Fund	Total		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from fees and charges for services	\$ 1,818,393	\$ 2,704,092	\$ 15,600	\$ 843,894	\$ 5,381,979	\$ -	
Other operating revenues	-	2,310	-	-	2,310	815,866	
Cash payments to employees for services	(304,119)	(730,837)	(4,203)	(29,791)	(1,068,950)	(242,523)	
Cash payments to suppliers for goods and services	(833,623)	(1,323,934)	20,829	(803,580)	(2,940,308)	(649,309)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	680,651	651,631	32,226	10,523	1,375,031	(75,966)	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Increase (decrease) in cash overdraft	-	-	(32,226)	-	(32,226)	-	
(Increase) decrease in due from/advance to other funds	-	-	-	-	-	-	
Increase (decrease) in due to/advance from other funds	-	-	-	-	-	-	
Transfers in (out)	-	-	-	-	-	(166,503)	
Principal on pension obligation bonds	(63,055)	(86,553)	-	-	(149,608)	-	
Interest on pension obligation bonds	(26,950)	(37,123)	-	-	(64,073)	-	
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(90,005)	(123,676)	(32,226)	-	(245,907)	(166,503)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Principal payments on debt	-	(164,000)	-	-	(164,000)	(84,132)	
Interest paid on debt	-	(159,640)	-	-	(159,640)	(11,432)	
Proceeds from borrowing	1,604,303	50,000	-	-	1,654,303	-	
Cash payments for capital assets	(8,976,312)	(1,437,054)	-	-	(10,413,366)	(140,207)	
Proceeds sale of capital assets	-	-	-	-	-	1,500	
Proceeds from federal and state grants for capital assets	8,025,000	1,111,308	-	-	9,136,308	-	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	652,991	(599,386)	-	-	53,605	(234,271)	
CASH FLOWS FROM INVESTING ACTIVITIES:							
(Increase) decrease in investments	-	-	-	-	-	-	
Investment income	36,392	19,683	-	5,996	62,071	3,226	
(Increase) decrease in restricted assets	(56,000)	67,126	-	-	11,126	-	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(19,608)	86,809	-	5,996	73,197	3,226	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,224,029	15,378	-	16,519	1,255,926	(473,514)	
Cash and cash equivalents, beginning of year	1,972,075	2,190,295	-	414,788	4,577,158	499,629	
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,196,104	\$ 2,205,673	\$ -	\$ 431,307	\$ 5,833,084	\$ 26,115	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ 299,895	\$ 306,768	\$ (10,627)	\$ 20,675	\$ 616,711	\$ (9,775)	
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	463,422	397,794	12,292	-	873,508	192,986	
Change in assets and liabilities:							
(Increase) decrease in accounts receivable, net	(155,848)	(167,210)	-	(7,956)	(331,014)	-	
(Increase) decrease in due from other governmental units	-	-	-	-	-	-	
(Increase) decrease in prepaid	(17,351)	(14,809)	-	(1,906)	(34,066)	(6,354)	
Increase (decrease) in accounts payable	1,792	(35,084)	30,561	(197)	(2,928)	(255,993)	
Increase (decrease) in customer deposits payable	-	21,335	-	-	21,335	-	
Increase (decrease) in accrued payroll	(5,634)	(4,846)	-	(93)	(10,573)	(1,029)	
Increase (decrease) in accrued sick and vacation	-	18,142	-	-	18,142	4,199	
Increase (decrease) in net pension liability and related	94,375	129,541	-	-	223,916	-	
Increase (decrease) in unavailable revenue		-	-	-	-	-	
NET ADJUSTMENTS	380,756	344,863	42,853	(10,152)	758,320	(66,191)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 680,651	\$ 651,631	\$ 32,226	\$ 10,523	\$ 1,375,031	\$ (75,966)	
Non-cash Items:							
Due from the State for draw downs on SRF projects	\$ 2,547,342	\$ 5,848	\$ -	\$ -	\$ 2,553,190	\$ -	
Due from the State for DWAM project	-	-	-	-	-	-	
Property and equipment included in outstanding payables	2,547,342	45,059	-	-	2,592,401	-	

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

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF FIDUCIARY NET POSITION

December 31, 2024

	Pension Trust Fund	Custodial Funds		
		Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund
ASSETS				
Cash and equivalents	\$ 174,521	\$ 35,172	\$ 735,012	
Investments	5,068,503	-	-	
Taxes receivable	266,262	-	-	
Other receivables	-	-	-	
Due from other governments	-	-	-	
TOTAL ASSETS	5,509,286	35,172	735,012	
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	
LIABILITIES				
Accounts payable	-	-	38	
Due to others	-	35,172	1,265	
Due to other governmental units	-	-	733,709	
TOTAL LIABILITIES	-	35,172	735,012	
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	302,403	-	-	
TOTAL DEFERRED INFLOWS OF RESOURCES	302,403	-	-	
NET POSITION				
Restricted for:				
Pensions	5,206,883	-	-	
TOTAL NET POSITION	\$ 5,206,883	\$ -	\$ -	

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, 2024

	Pension Trust Fund			Custodial Funds		
	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund			
ADDITIONS:						
Contributions:						
Taxes	\$ 342,966	\$ -	\$ -			
Employer	-	-	-			
Employee	37,515	-	-			
Gifts, bequests and endowments	-	-	-			
	Total Contributions	380,481	-			
Investment Income:						
Net appreciation (depreciation) in fair value of investments	290,865	-	-			
Interest and dividends	201,190	-	-			
Administrative expense	(25,000)	-	-			
	Net Investment Income (Loss)	467,055	-			
Other Additions:						
Collections for individuals, organizations, and other governments	-	21,452	-			
Property tax collections for other governments	-	-	4,890,578			
	Total Other Additions	-	21,452	4,890,578		
	TOTAL ADDITIONS	847,536	21,452	4,890,578		
DEDUCTIONS:						
Benefits and annuity withdrawals	511,055	-	-			
Refunds of contributions	-	-	-			
Other expenditures	6,619	-	-			
Payments to individuals, organizations, and other governments	-	21,452	-			
Payments of property tax collections for other governments	-	-	4,890,578			
	TOTAL DEDUCTIONS	517,674	21,452	4,890,578		
	CHANGE IN NET POSITION	329,862	-	-		
Net position, beginning of year	4,877,021	-	-			
	NET POSITION, END OF YEAR	\$ 5,206,883	\$ -	\$ -		

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

CITY OF ISHPEMING, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

REPORTING ENTITY

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

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

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

BLENDED COMPONENT UNITS

Governmental Fund Type

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

Governmental Fund Type

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

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

RELATED ORGANIZATIONS

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

Summary financial information as of and for the fiscal year ended December 31, 2024, is as follows:

Total Assets	\$2,558,421
Total Liabilities	222,126
Total Net Position	2,336,295
Total Operating Revenues	1,041,122
Total Operating Expenses	(1,097,881)
Total Non-Operating Revenues (expenses)	20,620
Capital Grant Contributions	114,000
Net Increase (Decrease) in Net Position	77,861

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, 2024 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 1st based on the taxable value of property. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Expenses/Expenditures

Government-Wide Statements

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

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 July 30, 2025, 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
Cash and cash equivalents:				
Unrestricted	\$9,909,257	\$-	\$584,405	\$10,493,662
Restricted	1,050,090	944,705	-	1,994,795
TOTAL	<u>\$10,959,347</u>	<u>\$944,705</u>	<u>\$584,405</u>	<u>\$12,488,457</u>

Investments:

Unrestricted	\$1,043,908	\$-	\$17,251	\$1,061,159
Restricted	-	5,068,503	-	5,068,503
TOTAL	<u>\$1,043,908</u>	<u>\$5,068,503</u>	<u>\$17,251</u>	<u>\$6,129,662</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, 2024, the carrying amount of the City's deposits with financial institutions was \$12,488,457 and the bank balance was \$12,501,010, of which, \$9,574,239 or approximately 77% 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	\$9,574,239
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	2,914,218
TOTAL REPORTING ENTITY	<u>\$12,488,457</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, 2024, the City had the following investments:

Level	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	6-10	More Than 10
PRIMARY GOVERNMENT:					
CDs and money market	2	\$955,822	\$860,618	\$95,204	\$-
U.S. Government Agencies	1	88,086	73,425	14,661	-
U.S. Treasury Bonds	1	-	-	-	-
TOTAL PRIMARY GOVERNMENT		\$1,043,908	\$934,043	\$109,865	\$-
FIDUCIARY FUNDS:					
Mutual Equity Funds	1	\$2,782,519	\$-	\$-	\$2,782,519
Mutual Equity Index Funds	1	2,285,984	-	-	2,285,984
TOTAL FIDUCIARY		\$5,068,503	\$-	\$-	\$5,068,503
COMPONENT UNIT:					
CDs and money market	2	\$17,251	\$17,251	\$-	\$-
TOTAL COMPONENT UNIT		\$17,251	\$17,251	\$-	\$-

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 – 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	\$2,248,045	\$-	\$2,248,045
Accounts receivable	88,483	-	88,483
Utilities receivable	-	1,201,672	1,201,672
Delinquent utilities receivable	-	-	-
Other receivables	1,585	-	1,585
Due from other government units	548,168	2,553,190	3,101,358
Total	\$2,886,281	\$3,754,862	\$6,641,143

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

NOTE E – ADVANCES TO/FROM OTHER FUNDS:

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, 2024 is \$372,472.

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 2027. The advance is scheduled to be paid off in fiscal year 2033. The outstanding balance as of December 31, 2024 is \$103,123 for the Sewer Fund and \$103,123 for the Water Fund.

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.

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

A summary of the interfund receivables and payables at the end of the fiscal year are as follows:

Fund	Due From	Fund	Due To
		Perpetual Care Fund	\$175,560
		Cemetery Care Fund	25,307
General Fund	<u>\$200,867</u>	Total	<u>\$200,867</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:

Fund	Transfers In	Fund	Transfers Out
		Partridge Creek Compost	\$-
		Perpetual Care Fund	15,000
		Cemetery Care Fund	-
		Water Fund	-
		Motor Pool Fund	<u>166,503</u>
General Fund	<u>\$181,503</u>	Subtotal	<u>181,503</u>
Senior Center Fund	5,999		
Building Authority Fund	<u>144,764</u>		
Subtotal	<u>150,763</u>	Public Improvement Fund	<u>150,763</u>
Total	<u>\$332,266</u>		<u>\$332,266</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 – 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, 2024	
	Required Balance	Actual Balance
I. Construction accounts		
These accounts are used to receive loan/grant proceeds and pay construction costs.		
a. To be used for the monies received from the utility system construction.	\$-	\$-

NOTE G – RESTRICTED ASSETS (Continued):

	December 31, 2024	
	Required Balance	Actual Balance
II. Bond payment accounts		
These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.		
a. 2017 Water Supply System Revenue Bond, $\frac{1}{2}$ of interest due on next payment and not less than $\frac{1}{4}$ of the principal due the next year.	\$81,500	\$123,500
b. 2023 Sewage Disposal System Revenue Bond, the amount set aside each month for interest on the Bonds shall be $\frac{1}{6}$ of the total interest and $\frac{1}{12}$ of the principal coming due on the next payment.	4,652	4,880
c. 2024 Water Supply System Revenue Bond, $\frac{1}{2}$ of the interest due on the next payment and not less than $\frac{1}{4}$ of the principal due the next year.	228	6,000
III. Bond reserve accounts		
These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.		
a. 2017 Water Supply System Revenue Bond, \$8,400 quarterly up to \$336,000.	243,600	243,600
IV. Capital improvement accounts		
These accounts are required to be funded per bond. These funds are to be used for repairs, replacement, or improvements to the water system. If the amounts in the bond reserve accounts are not sufficient to pay on the bonds when due, these monies may be transferred for that purpose.		
a. 2017 Water Supply System Revenue Bond, \$17,281.25 per quarter less the amount deposited in the Reserve Account (\$8,400 quarterly) or \$8,881.25 quarterly.	257,556	257,556
b. 2023 Sewage Disposal System Revenue Bond, such additional funds as the City may deem advisable.	51,120	51,120

NOTE G – RESTRICTED ASSETS (Continued):

	December 31, 2024	
	Required Balance	Actual Balance
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	\$363,433	\$363,434
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>\$1,002,089</u>	<u>\$1,050,090</u>
Sewer	\$55,772	\$56,000
Water	<u>946,317</u>	<u>994,090</u>
Total	<u>\$1,002,089</u>	<u>\$1,050,090</u>

NOTE H – CAPITAL ASSETS:

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

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$1,280,750	\$-	\$-	\$1,280,750
Historical treasures	135,275	-	-	135,275
Construction in progress	641,389	246,427	(628,456)	259,360
Subtotal	<u>2,057,414</u>	<u>246,427</u>	<u>(628,456)</u>	<u>1,675,385</u>
Capital assets being depreciated:				
Land improvements	3,493,894	104,100	-	3,597,994
Buildings and improvements	14,366,524	7,817	-	14,374,341
Equipment and vehicles	6,924,632	285,278	(354,412)	6,855,498
Infrastructure	11,121,177	641,534	-	11,762,711
Subtotal	<u>35,906,227</u>	<u>1,038,729</u>	<u>(354,412)</u>	<u>36,590,544</u>
Total Capital Assets	<u>37,963,641</u>	<u>1,285,156</u>	<u>(982,868)</u>	<u>38,265,929</u>
Less accumulated depreciation:				
Land improvements	(998,585)	(116,260)	-	(1,114,845)
Buildings and improvements	(9,128,404)	(256,912)	-	(9,385,316)
Equipment and vehicles	(5,072,396)	(348,776)	354,412	(5,066,760)
Infrastructure	<u>(3,296,147)</u>	<u>(361,296)</u>	<u>-</u>	<u>(3,657,443)</u>
Total Accumulated Depreciation	<u>(18,495,532)</u>	<u>(1,083,244)</u>	<u>354,412</u>	<u>(19,224,364)</u>
CAPITAL ASSETS, NET	<u>\$19,468,109</u>	<u>\$201,912</u>	<u>(\$628,456)</u>	<u>\$19,041,565</u>

NOTE H – CAPITAL ASSETS (Continued):

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

Governmental Activities:	
General Government	\$505,056
Public Safety	155,336
Public Works	116,500
Community and Economic Development	-
Recreation and Culture	113,366
Internal Service Fund charged to above activities	192,986
Total Depreciation Expense	<u>\$1,083,244</u>

Construction in Progress

As of December 31, 2024, total construction in progress governmental type activities amounted to \$259,360, include the following:

Cemetery Columbarium and GIS System, \$75,324; the City began construction on a new Columbarium and GIS System at the Cemetery. The projects are expected to completed in the next fiscal year.

Skatepark, \$154,509; the City began the construction phase of the project, which is expected to be partially funded through a grant from the Michigan Department of Labor and Economic Opportunity's MI Community Center Grant Program.

Patrol vehicle, \$22,343; the City placed an order for new patrol vehicle which is expected to be delivered in 2025.

Various Engineering, \$7,184.

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

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$10,888	\$-	\$-	\$10,888
Construction in progress	1,136,798	13,005,767	-	14,142,565
Subtotal	<u>1,147,686</u>	<u>13,005,767</u>	<u>-</u>	<u>14,153,453</u>
Capital assets being depreciated:				
Land improvements	307,301	-	-	307,301
Building and improvements	68,793	-	-	68,793
Equipment	545,260	-	(70,000)	475,260
Sewer system	17,115,717	-	-	17,115,717
Water system	16,561,795	-	(105,039)	16,456,756
Subtotal	<u>34,598,866</u>	<u>-</u>	<u>(175,039)</u>	<u>34,423,827</u>
Total Capital Assets	<u>35,746,552</u>	<u>13,005,767</u>	<u>(175,039)</u>	<u>48,577,280</u>

NOTE H – CAPITAL ASSETS (Continued):

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024
BUSINESS-TYPE ACTIVITIES (Continued):				
Less accumulated depreciation:				
Land improvements	\$-	(\$12,292)	\$-	(\$12,292)
Building and improvements	(49,785)	(1,728)	-	(51,513)
Equipment	(386,228)	(41,871)	70,000	(358,099)
Sewer system	(12,755,883)	(427,743)	-	(13,183,626)
Water system	(3,906,705)	(389,874)	101,332	(4,195,247)
Total Accumulated Depreciation	(17,098,601)	(873,508)	171,332	(17,800,777)
CAPITAL ASSETS, NET	<u>\$18,647,951</u>	<u>\$12,132,259</u>	<u>(\$3,707)</u>	<u>\$30,776,503</u>

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

Business-type Activities:	
Sewer	\$463,422
Water	397,794
Brasswire Campground	12,292
Total Depreciation Expense	<u>\$873,508</u>

Construction in Progress

As of December 31, 2024, total construction in progress costs incurred amounted to \$14,142,565 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 \$12,089,597.

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 \$697,620.

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 \$23.445 million with \$9,896,800 in American Rescue Plan grant funding and \$13,548,200 in loan funds through the federal Drinking Water State Revolving Fund. Total costs incurred were \$883,254.

NOTE H – CAPITAL ASSETS (Continued):

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

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024
COMPONENT UNIT:				
Capital assets not being depreciated:				
Land	\$-	\$-	\$-	\$-
Construction in progress	-	-	-	-
Subtotal	-	-	-	-
Capital assets being depreciated:				
Land improvements	139,829	-	-	139,829
Infrastructure	2,169,572	-	-	2,169,572
Subtotal	2,309,401	-	-	2,309,401
Total Capital Assets	2,309,401	-	-	2,309,401
Less accumulated depreciation:				
Land improvements	(62,772)	(7,947)	-	(70,719)
Infrastructure	(958,108)	(105,471)	-	(1,063,579)
Total Accumulated Depreciation	(1,020,880)	(113,418)	-	(1,134,298)
CAPITAL ASSETS, NET	\$1,288,521	(\$113,418)	\$-	\$1,175,103

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

Component Unit Activities:	
DDA	\$113,418
Total Depreciation Expense	<u>\$113,418</u>

NOTE I – LONG -TERM DEBT:

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

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Building Authority Bonds, Series 2015. Payable semi-annually including interest of 3.25% per annum.					
Building Authority Bonds, Series 2015. Payable semi-annually including interest of 3.25% per annum.	\$1,156,000	\$-	(\$35,000)	\$1,121,000	\$37,000
Building Authority Bonds, Series 2016. Payable semi-annually including interest of 3.125% per annum.	205,000	-	(7,000)	198,000	7,000
General Obligation Unlimited Tax Bonds, Series 2017. Payable semi-annually including interest of 3.00% to 3.125% per annum.	455,000	-	(70,000)	385,000	75,000
Snowplow Loan. Payable monthly including interest rate of 3.60%.	16,327	-	(16,327)	-	-

NOTE I – LONG -TERM DEBT (Continued):

	<u>Balance at 12/31/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 12/31/2024</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES (Continued):					
2021 Limited Tax General Obligation Refunding Bonds. Payable semi-annually including interest of 2.00% per annum.	\$675,705	\$-	(\$90,300)	\$585,405	\$90,515
Caterpillar Small Wheel Loader Lease. Payable annually including interest rate of 2.99%.	64,359	-	(31,846)	32,513	32,513
Limited Tax General Obligation Bonds, Series 2021. Payable semi-annually including interest of 0.27% to 3.16% per annum.	5,479,679	-	(295,392)	5,184,287	295,392
2020 Chevy Silverado 4500 Lease. Payable annually including interest of 4.456%	21,942	-	(10,732)	11,210	11,210
2018 Hitachi Excavator Lease. Payable annually including interest rate of 4.75%	170,970	-	(25,227)	145,743	26,452
SUBTOTAL	8,244,982	-	(581,824)	7,663,158	575,082
Plus: Premium on bonds	35,363	-	(4,421)	30,942	-
SUBTOTAL	8,280,345	-	(586,245)	7,694,100	-
Compensated absences	229,659	110,325	(577)	339,407	-
TOTAL GOVERNMENTAL ACTIVITIES	\$8,510,004	\$110,325	(\$586,822)	\$8,033,507	\$575,082
BUSINESS-TYPE ACTIVITIES:					
Water Revenue Bonds, Series 2017. Payable semi-annually beginning June 1, 2018 including interest of 2.125%	\$8,064,000	\$-	(\$164,000)	\$7,900,000	\$168,000
Limited Tax General Obligation Bonds, Series 2021. Payable semi-annually including interest of 0.27% to 3.16% per annum.	2,775,321	-	(149,608)	2,625,713	149,608
Sewer Revenue Bonds, Series 2023. Payable semi-annually including interest of 1.875% per annum.	-	4,151,645	-	4,151,645	-
Water Revenue Bonds, Series 2024. Payable semi-annually including interest of 2.000% per annum.	-	50,000	-	50,000	-
SUBTOTAL	10,839,321	4,201,645	(313,608)	14,727,358	317,608
Compensated absences	15,177	18,142	-	33,319	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$10,854,498	\$4,219,787	(\$313,608)	\$14,760,677	\$317,608

NOTE I – LONG -TERM DEBT (Continued):

	Balance at 12/31/2023	Additions	Deductions	Balance at 12/31/2024	Due Within One Year
COMPONENT UNIT:					
2021 Limited Tax General Obligation Refunding Bonds. Payable semi-annually including interest of 2.00% per annum.	\$929,295	\$-	(\$124,700)	\$804,595	\$124,485
SUBTOTAL	929,295	-	(124,700)	804,595	124,485
Plus: Premium on bonds	45,915	-	(5,739)	40,176	-
TOTAL COMPONENT UNIT	\$975,210	\$-	(\$130,439)	\$844,771	\$124,485

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.

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, 2024, \$307,000 of the 2000 Building Authority Bonds outstanding are considered defeased. On December 31, 2024, \$37,000 of the 2002 Building Authority Bonds outstanding are considered defeased. On December 31, 2024, \$1,090,000 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:

NOTE I – LONG -TERM DEBT (Continued):

	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$575,082	\$196,243	\$317,608	\$370,467	\$124,485	\$14,851
2026	546,596	183,997	523,971	633,167	133,170	12,275
2027	554,366	172,295	864,552	620,202	136,065	9,583
2028	573,626	159,587	882,014	603,271	141,855	6,803
2029	579,536	145,946	903,376	585,718	136,064	4,024
2030-2034	2,077,690	564,227	4,788,353	2,644,943	132,956	1,332
2035-2039	2,278,262	265,432	5,325,739	2,110,667	-	-
2040-2044	395,000	52,548	4,785,000	1,582,968	-	-
2045-2049	83,000	2,682	5,302,000	1,061,438	-	-
2050-2054	-	-	5,846,000	483,428	-	-
2055-2059	-	-	2,477,000	38,244	-	-
2060-2064	-	-	-	-	-	-
Totals	<u>\$7,663,158</u>	<u>\$1,742,957</u>	<u>32,015,613</u>	<u>10,734,513</u>	<u>\$804,595</u>	<u>\$48,868</u>

Amount of SRF funds available at 12/31/2024:

2023 Sewage Disposal System	(3,873,355)	(2,617,453)
2024 Water Supply System	(13,414,900)	(4,638,346)
	<u>\$14,727,358</u>	<u>\$3,478,714</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, 2024, the City had drawn \$4,151,645 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.

2024 Water Supply System Junior Lien Revenue Bonds

On August 28, 2024, the City issued the Water Supply System Junior Lien Revenue Bonds, Series 2024 for the purpose of replacing and/or improving the City's existing water supply 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, 2024, the City had drawn \$50,000 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:

	<u>Sick</u>	<u>Vacation</u>	<u>Comp</u>	<u>Total</u>
Current Portion:				
Governmental Activities	\$-	\$-	\$-	\$-
Business-type Activities	-	-	-	-
Total Current	-	-	-	-
 Long-term Portion:				
Governmental Activities	192,921	101,443	45,043	339,407
Business-type Activities	16,667	16,428	224	33,319
Total Long-term	209,588	117,871	45,267	372,726
GRAND TOTAL	\$209,588	\$117,871	\$45,267	\$372,726

NOTE K – TAXES LEVIED FOR A SUBSEQUENT PERIOD:

Property taxes levied on December 1, 2024, 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	\$1,819,921
Public Improvement Fund	593,572
Fire Fund	129,049
TOTAL	\$2,542,542
 Fiduciary:	
Pension Trust Fund	\$302,403
 Component Unit:	
DDA Fund	\$355,679

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, 2024, 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	\$77,219	\$-	\$-	\$-	\$77,219
Prepays	28,806	-	-	-	28,806
Corpus	-	-	-	988,983	988,983
Subtotal	106,025	-	-	988,983	1,095,008
Restricted:					
Transportation Funds	-	1,810,834	-	-	1,810,834
Public Improvement Levy	-	-	663,289	-	663,289
Fire Equipment Levy	-	-	-	193,854	193,854
Firefighter Longevity	-	-	-	208,083	208,083
Teal Lake RPG Fund	-	-	-	-	-
Partridge Creek Compost	-	-	-	-	-
Senior Center	-	-	-	10,002	10,002
Library State Aid	-	-	-	-	-
Cemetery	-	-	-	274,520	274,520
Subtotal	-	1,810,834	663,289	686,459	3,160,582
Committed					
Assigned:					
Building Authority	-	-	-	22,149	22,149
Parks Construction	-	-	-	-	-
Senior Center	-	-	-	31,345	31,345
Lake Bancroft	-	-	-	6,043	6,043
Carnegie Library	-	-	-	58,503	58,503
Welcome baskets	960	-	-	-	960
Subtotal	960	-	-	118,040	119,000

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	\$636,509	\$-	\$-	(\$181,128)	\$455,381
Total fund balances	\$743,494	\$1,810,834	\$663,289	\$1,612,354	\$4,829,971

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, 2023).

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.

Benefits Provided

	2023 Valuation	
	01 – CI & Pub Wks: Closed Division	10 – Supervisory: Closed Division
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):

2023 Valuation	
11 – Union/Supervisor: Closed Division	
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, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	45
Inactive employees entitled to but not yet receiving:	11
Active employees:	16
Total*	<u>72</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, 2023 are as follows:

Division	Employer Contribution (\$/month)	Employee Contribution
01 – CI & Pub Wks	\$22,315	5.43%
10 – Supervisory	1,321	7.51%
11 – Union/Supervisor	2,060	9.70%

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2023.

Actuarial assumptions

The total pension liability in the December 31, 2023, 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	6.93%, 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	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	0.40%
Private Investments	20.0%	1.40%

Discount rate

The discount rate used to measure the total pension liability is 7.18%. 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

Calculating the Net Pension Liability			
Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2023	\$19,598,908	\$19,106,610	\$492,298
Changes for the Year			
Service Cost	152,195	-	152,195
Interest on Total Pension Liability	1,365,137	-	1,365,137
Changes in benefits	-	-	-
Difference between expected and actual experience	356,205	-	356,205
Change in assumptions	149,104	-	149,104
Employer Contributions	-	220,308	(220,308)
Employee Contributions	-	62,505	(62,505)
Net Investment Income	-	1,414,223	(1,414,223)
Benefit payments, including employee refunds	(1,323,920)	(1,323,920)	-
Administrative expense	-	(41,738)	41,738
Other changes	(227,138)	1	(227,139)
Net Changes	471,583	331,379	140,204
Balances at 12/31/2024	\$20,070,491	\$19,437,989	\$632,502

Net Pension Liability (NPL):

MERS – Primary Government	\$632,502
Police-Fire – Primary Government (see Note N)	2,178,829
NPL reported in the Statement of Net Position	<u>\$2,811,331</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 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% Decrease 6.18%	Current Discount Rate 7.18%	1% Increase 8.18%
Net Pension Liability at 12/31/2024	\$632,502	\$632,502	\$632,502
Change in Net Pension Liability	2,362,365	-	(1,958,840)
Calculated Net Pension Liability	<u>\$2,994,867</u>	<u>\$632,502</u>	<u>(\$1,326,338)</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 2024 the employer recognized pension expense of \$537,736. 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	\$178,102	\$-
Difference in assumptions	74,552	-
Excess (Deficit) Investment Returns	813,243	-
Total	\$1,065,897	\$-

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
2024 (2025)	\$684,561
2025 (2026)	548,954
2026 (2027)	(151,368)
2027 (2028)	(16,250)
2028 (2029)	-
Thereafter	-
Total	\$1,065,897

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	\$1,065,897	\$-
Police-Fire – Primary Government (see Note N)	845,863	(531,295)
Total	\$1,911,760	(531,295)
Contributions subsequent to the measurement date: Police-Fire – Primary Government (see Note N)		\$342,966

Payable to the Pension Plan

At December 31, 2024, there was a reported payable of \$23,608 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:

	2023 Valuation
Benefit Multiplier:	2.50% Multiplier of 3-year Average Final Compensation (AFC) times first 25 years of service plus 1% AFC times years of service 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, 2023 valuation date, the latest actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	22
Inactive employees entitled to but not yet receiving:	2
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, 2023 are as follows: employer 44.01% 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, 2023, 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, 2023 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, 2023. 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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.70%	1.19%
Domestic Equity – Large Cap	11.24%	5.05%
Domestic Equity – Small Cap	11.24%	5.57%
International Equity	4.82%	6.16%
Emerging Markets	4.82%	7.79%

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	43.47%	2.67%
Domestic Government Fixed Income	21.73%	2.29%
Real Estate	0.00%	4.62%
TOTAL	100.00%	

Deposits and Investments

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

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

Concentration of Investments

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

Dodge & Cox Income Fund	34,570.0070 units	\$427,977
Doubleline Core Fixed	46,885.0870 units	428,061
GMO Quality	10,730.3600 units	348,629
JOHCM International	12,373.9700 units	282,498
Pimco Rae International	38,842.8230 units	285,495
Pimco Rae US Instl	25,938.2440 units	341,607

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 3.77%. 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 payments through the year 2123. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2123, and the municipal bond rate was applied to all benefit payments after that date.

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

Changes in Net Pension Liability

Changes in Net Pension Liability	Calculating the Net Pension Liability		
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2022	\$6,951,461	\$4,270,170	\$2,681,291
Changes for the Year			
Service Cost	149,362	-	149,362
Interest on Total Pension Liability	457,935	-	457,935
Changes in benefits	-	-	-
Difference between expected and actual experience	(19,065)	-	(19,065)
Change in assumptions	-	-	-
Employer Contributions	-	359,904	(359,904)
Employee Contributions	-	35,787	(35,787)
Net Investment Income	-	701,480	(701,480)
Benefit payments, including employee refunds	(483,843)	(483,843)	-
Administrative expense	-	(6,477)	6,477
Other changes	-	-	-
Net Changes	104,389	606,851	(502,462)
Balances at 12/31/2023	\$7,055,850	\$4,877,021	\$2,178,829

Note: Based on December 31, 2023 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 12/31/2023	\$3,019,343	\$2,178,829	\$1,475,923

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 (\$107,034). 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	\$60,078	(\$39,247)
Difference in assumptions	46,017	-
Excess (Deficit) Investment Returns	739,768	(492,048)
Subtotal	<u>845,863</u>	<u>(\$531,295)</u>
Contributions subsequent to the measurement date*	342,966	
Total	<u><u>\$1,188,829</u></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 2024.

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

Plan (Fiscal) Year Ended	Amount
December 31,	
2024 (2025)	\$71,066
2025 (2026)	145,125
2026 (2027)	183,791
2027 (2028)	(85,414)
2028 (2029)	-
Thereafter	-
Total	<u><u>\$314,568</u></u>

Payable to the Pension Plan

At December 31, 2024, there was a reported payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2024.

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, 2024, are as follows:

Total pension liability	\$7,055,850	*
Plan fiduciary net position	4,877,021	*
City's net pension liability	<u><u>\$2,178,829</u></u>	<u>*</u>

Plan fiduciary net position as
a percentage of the total pension liability 69.12% *

*As of December 31, 2023, 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, 2024, the City's contributions totaled approximately \$34,132.

NOTE R – PROPERTY TAXES:

The City of Ishpeming levied 12.9694 mills for the General Fund, 4.3229 mills for the Public Improvement Fund, 0.8681 mills for Fire Equipment, and 2.2024 mills for the Policemen and Firemen Retirement Fund for calendar year 2024. The millage rate is based on each \$1,000.00 of property assessed valuation and the current Taxable Value of the City is \$152,976,503.

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, 2024 is as follows:

Assets	\$4,583,419
Deferred Outflows of Resources	-
Liabilities	7,324
Deferred Inflows of Resources	421,908
Net Position	4,154,187
Operating Revenues	855,797
Operating Expenses	(300,278)

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, 2024, is as follows:

Assets	\$5,646,212
Deferred Outflows of Resources	241,204
Liabilities	302,557
Deferred Inflows of Resources	-
Equity - All local units	5,584,859
Operating Revenues	1,611,747
Operating Expenses	(2,067,142)
Other Income	261,698
Increase (decrease) in net position	(193,697)
City's Share of Net Income (loss)	(27,768)

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, 2024 is as follows:

Assets	\$22,754,831
Deferred Outflows of Resources	452,914
Liabilities	11,088,733
Deferred Inflows of Resources	72,908
Net Position	12,046,104
Operating Revenues	7,822,860
Operating Expenses	(5,616,219)
Non-operating Revenues (Expenses)	(40,583)
Net Income (Loss)	12,046,104

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, 2024 is as follows:

Total Assets	\$2,984,265
Total Liabilities	39,535
Total Net Position	2,944,730
Total Operating Revenues	768,424
Total Operating Expenses	(716,787)
Non-operating Revenues (Expense)	22,413
Increase (decrease) in net position	74,050

The balance of the investment in Board for the year ended December 31, 2024 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 reinsurance 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 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, 2024, 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, 2024, the Federal aid received and expended by the City was more than the single audit threshold of \$750,000; therefore, the City is 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 June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB 101 is built on the unified recognition and measurement model that 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. This statement is effective for periods beginning after December 15, 2023. The City has activities that meet the criteria for GASB 101; accordingly, the amount reported as a liability for compensated absences includes all items reportable under GASB 101.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62*. GASB 100 will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as

NOTE X – NEW GASB STANDARDS (Continued):

their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This statement is effective for periods beginning after June 15, 2023. The City has activities that meet the criteria for GASB 100; see Note Y for restatements that were made in the current year due to correction of an error.

Other Recently Issued Accounting Pronouncements

None.

NOTE Y – FUND BALANCE/NET POSITION RESTATEMENT:

As part of the 2023 audit adjustments were made to inventory amounts and classifications between the funds. This adjustment was made while the audit was underway and was appropriately recorded in the general ledger, but was erroneously excluded from the audited financial statements. As a result of this, the beginning balances for Governmental Activities, Major Street Fund, and Local Street Fund have been restated.

	Governmental Activities	Major Street Fund	Local Street Fund
Fund Balance/Net Position, beginning of year, as reported	\$15,137,805	\$846,640	\$707,346
Prior period adjustment(s)			
Inventory Adjustment	(187,119)	(154,039)	(33,080)
Fund Balance/Net Position, beginning of year, as restated	\$14,950,686	\$692,601	\$674,266

NOTE Z – 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, 2024, 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.

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

NOTE Z – UNRESTRICTED NET POSITION/FUND BALANCE DEFICIT (Continued):

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 City is required to file a deficit elimination plan for the following funds: Library State Aid, Teal Lake Recreation Passport Grant Fund, Brasswire Campground Fund, and the Motor Pool Fund.

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
(Continued)

	Plan Year Ending December 31,				
	2024	2023	2022	2021	2020
Change in total pension liability					
Service cost	\$ 152,195	\$ 152,317	\$ 173,972	\$ 199,104	\$ 235,763
Interest	1,365,137	1,388,964	1,374,792	1,359,912	1,280,589
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience	356,205	(157,002)	175,596	(508,231)	219,561
Changes in assumptions	149,104	-	729,940	500,120	571,248
Benefit payments, including refunds of member contributions	(1,323,920)	(1,316,499)	(1,275,445)	(1,220,749)	(1,143,922)
Other	(227,138)	(209,093)	(78,738)	(94,450)	(62,771)
Net change in total pension liability	471,583	(141,313)	1,100,117	235,706	1,100,468
Total pension liability, beginning of year	19,598,908	19,740,221	18,640,104	18,404,398	17,303,930
Total pension liability, end of year (a)	20,070,491	19,598,908	19,740,221	18,640,104	18,404,398
Change in plan fiduciary net position					
Contributions – employer	220,308	163,032	209,616	9,893,512	808,559
Contributions - non-employer contributing entity	-	1,776,032	-	-	-
Contributions – member	62,505	58,567	99,612	72,853	87,601
Net investment income	1,414,223	1,899,833	(2,048,872)	1,621,160	1,064,923
Benefit payments, including refunds of member contributions	(1,323,920)	(1,316,499)	(1,275,445)	(1,220,749)	(1,143,922)
Administrative expense	(41,738)	(39,521)	(35,561)	(17,565)	(16,882)
Other	1	(1)	(1)	-	-
Net change in plan fiduciary net position	331,379	2,541,443	(3,050,651)	10,349,211	800,279
Plan fiduciary net position, beginning of year	19,106,610	16,565,167	19,615,818	9,266,607	8,466,328
Plan fiduciary net position, end of year (b)	19,437,989	19,106,610	16,565,167	19,615,818	9,266,607
City's net pension liability, end of year (a)-(b)	\$ 632,502	\$ 492,298	\$ 3,175,054	\$ (975,714)	\$ 9,137,791
Plan fiduciary net position as a percentage of the total pension liability	96.85%	97.49%	83.92%	105.23%	50.35%
Covered-employee payroll	\$ 950,509	\$ 940,060	\$ 1,175,150	\$ 1,321,996	\$ 1,492,241
City's net pension liability as a percentage of covered payroll	66.54%	52.37%	270.18%	-73.81%	612.35%

Notes to schedule:

<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	2024	NONE	2022	NONE

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

2024 - The investment rate of return assumption from 7.00% to 6.93%

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.

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
(Concluded)

	Plan Year Ending December 31,				
	2019	2018	2017	2016	2015
Change in total pension liability					
Service cost	\$ 209,452	\$ 202,632	\$ 200,575	\$ 183,436	\$ 176,348
Interest	1,303,816	1,267,953	1,209,026	1,177,043	1,111,444
Change in benefit terms	(138)	(24)	(131)	-	-
Differences between expected and actual experience	278,635	42,208	426,449	(240,242)	-
Changes in assumptions	-	-	-	805,071	-
Benefit payments, including refunds of member contributions	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)	(896,652)
Other	(110,789)	83,985	(11,304)	(96,136)	16,018
Net change in total pension liability	540,912	433,065	810,210	859,379	407,158
Total pension liability, beginning of year	16,763,018	16,329,953	15,519,743	14,660,364	14,253,206
Total pension liability, end of year (a)	17,303,930	16,763,018	16,329,953	15,519,743	14,660,364
Change in plan fiduciary net position					
Contributions – employer	825,950	601,641	565,838	537,665	474,475
Contributions - non-employer contributing entity	-	-	-	-	-
Contributions – member	99,950	81,803	81,314	141,948	73,403
Net investment income	1,028,801	(316,588)	1,019,969	822,998	(113,758)
Benefit payments, including refunds of member contributions	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)	(896,652)
Administrative expense	(17,706)	(16,112)	(16,175)	(16,241)	(16,811)
Other	-	2	-	-	-
Net change in plan fiduciary net position	796,931	(812,943)	636,541	516,577	(479,343)
Plan fiduciary net position, beginning of year	7,669,397	8,482,340	7,845,799	7,329,222	7,808,565
Plan fiduciary net position, end of year (b)	8,466,328	7,669,397	8,482,340	7,845,799	7,329,222
City's net pension liability, end of year	(a)-(b) \$ 8,837,602	\$ 9,093,621	\$ 7,847,613	\$ 7,673,944	\$ 7,331,142
Plan fiduciary net position as a percentage of the total pension liability	48.93%	45.75%	51.94%	50.55%	49.99%
Covered-employee payroll	\$ 1,331,729	\$ 1,312,420	\$ 1,296,057	\$ 1,229,890	\$ 1,195,774
City's net pension liability as a percentage of covered payroll	663.62%	692.89%	605.50%	623.95%	613.09%

Notes to schedule:

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

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

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,	Contribution in Relation to the Actuarial Determined Contribution			Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
	Actuarial Determined Contribution	Actuarial Determined Contribution	Contribution Deficiency (Excess)			
2024	\$ 220,308	\$ 220,308	\$ -		\$ 950,509	23.18%
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,				
	2024	2023	2022	2021	2020
Change in total pension liability					
Service cost	Not Available	\$ 149,362	\$ 148,540	\$ 129,938	\$ 131,968
Interest	Not Available	457,935	453,584	448,944	452,412
Change in benefit terms	Not Available	-	-	-	-
Differences between expected and actual experience	Not Available	(19,065)	106,156	(37,577)	(160,861)
Changes in assumptions	Not Available	-	81,311	-	-
Benefit payments, including refunds of member contributions	Not Available	(483,843)	(487,257)	(481,382)	(462,717)
Other changes	Not Available	-	-	-	-
Net change in total pension liability	-	104,389	302,334	59,923	(39,198)
Total pension liability, beginning of year	7,055,850	6,951,461	6,649,127	6,589,204	6,628,402
Total pension liability, end of year (a)	7,055,850	7,055,850	6,951,461	6,649,127	6,589,204
Change in plan fiduciary net position					
Contributions – employer	342,966	359,904	306,615	290,002	257,010
Contributions – member	37,515	35,787	30,114	28,723	28,275
Net investment income	467,054	701,480	(867,794)	584,146	605,412
Benefit payments, including refunds of member contributions	(511,055)	(483,843)	(487,257)	(481,382)	(462,717)
Administrative expense	(6,619)	(6,477)	(6,461)	(19,133)	(18,884)
Other changes	-	-	-	-	-
Net change in plan fiduciary net position	329,861	606,851	(1,024,783)	402,356	409,096
Plan fiduciary net position, beginning of year	4,877,021	4,270,170	5,294,953	4,892,597	4,483,501
Plan fiduciary net position, end of year (b)	5,206,882	4,877,021	4,270,170	5,294,953	4,892,597
City's net pension liability, end of year	(a)-(b) \$ 1,848,968	\$ 2,178,829	\$ 2,681,291	\$ 1,354,174	\$ 1,696,607
Plan fiduciary net position as a percentage of the total pension liability	73.80%	69.12%	61.43%	79.63%	74.25%
Covered-employee payroll	Not Available	\$ 668,351	\$ 658,986	\$ 578,977	\$ 585,368
City's net pension liability as a percentage of covered payroll	Not Available	326.00%	406.88%	233.89%	289.84%

*Actuarial information not available

Notes to Schedules:

<i>Benefit Changes:</i>	Not Available	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	Not Available	NONE	NONE	NONE	NONE

City's net pension liability is based on most recent actuarial valuation date, December 31, 2023.

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,				
	2019	2018	2017	2016	2015
Change in total pension liability					
Service cost	\$ 107,651	\$ 108,783	\$ 106,350	\$ 91,455	\$ 111,812
Interest	454,476	450,415	440,259	431,723	438,498
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(122,404)	(7,962)	68,626	(142,763)	(157,156)
Changes in assumptions	-	-	-	178,587	(56,392)
Benefit payments, including refunds of member contributions	(500,023)	(485,291)	(457,439)	(431,579)	(415,168)
Other changes	-	-	-	(1)	1
Net change in total pension liability	(60,300)	65,945	157,796	127,422	(78,405)
Total pension liability, beginning of year	6,688,702	6,622,757	6,464,961	6,337,539	6,415,944
Total pension liability, end of year (a)	6,628,402	6,688,702	6,622,757	6,464,961	6,337,539
Change in plan fiduciary net position					
Contributions – employer	229,122	178,625	163,490	188,906	199,322
Contributions – member	24,114	24,981	24,927	26,124	23,844
Net investment income	753,628	(405,208)	561,745	211,257	(187,393)
Benefit payments, including refunds of member contributions	(500,023)	(485,291)	(457,439)	(431,579)	(415,168)
Administrative expense	(18,501)	(19,633)	(11,797)	-	(42,723)
Other changes	-	-	-	(1)	1
Net change in plan fiduciary net position	488,340	(706,526)	280,926	(5,293)	(422,117)
Plan fiduciary net position, beginning of year	3,995,161	4,701,687	4,420,761	4,426,054	4,848,171
Plan fiduciary net position, end of year (b)	4,483,501	3,995,161	4,701,687	4,420,761	4,426,054
City's net pension liability, end of year	(a)-(b) \$ 2,144,901	\$ 2,693,541	\$ 1,921,070	\$ 2,044,200	\$ 1,911,485
Plan fiduciary net position as a percentage of the total pension liability	67.64%	59.73%	70.99%	68.38%	69.84%
Covered-employee payroll	\$ 515,441	\$ 486,037	\$ 475,382	\$ 424,035	\$ 458,896
City's net pension liability as a percentage of covered payroll	416.13%	554.18%	404.11%	482.08%	416.54%

*Actuarial information not available

Notes to Schedules:

<i>Benefit Changes:</i>	NONE	NONE	NONE	NONE	NONE
<i>Changes of Assumptions:</i>	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
2024	\$ 307,682 <i>E</i>	\$ 342,966	\$ (35,284)	Not Available	Not Available
2023	259,002	359,904	(100,902)	668,351	53.85%
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%

E - Estimate

NOTES TO SCHEDULE OF CONTRIBUTIONS

Fiscal Year: December 31, 2023

Valuation Date: December 31, 2021

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	18 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

None

City of Ishpeming, Michigan
POLICE AND FIRE RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN
ANALYSIS OF FUNDING INFORMATION
SCHEDULE OF INVESTMENT RETURNS

Plan Year Ended December 31,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	Not Available
2023	7.70%
2022	3.30%
2021	9.40%
2020	7.60%
2019	3.60%
2018	0.80%
2017	5.00%
2016	5.10%
2015	3.70%

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, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024						2023	
	Original Budget	Budget Amendments Increase (Decrease)	Final Budget	Actual GAAP Basis	Variance with Final Budget			
					Positive (Negative)	2023		
REVENUES:								
Taxes	\$ 1,808,240	\$ 77,856	\$ 1,886,096	\$ 1,885,001	\$ (1,095)	\$ 1,916,140		
Special assessments	-	-	-	-	-	-		
Licenses and permits	179,050	-	179,050	161,259	(17,791)	173,169		
Federal sources	-	-	-	35,566	35,566	1,820		
State sources	1,043,900	63,000	1,106,900	1,139,744	32,844	2,877,200		
Contributions from local units	-	-	-	-	-	-		
Charges for services	161,190	-	161,190	155,285	(5,905)	114,248		
Fines and forfeitures	53,745	8,135	61,880	62,028	148	60,943		
Investment income and rentals	15,200	-	15,200	24,299	9,099	27,455		
Other revenues	80,600	39,818	120,418	74,478	(45,940)	93,466		
TOTAL REVENUES	3,341,925	188,809	3,530,734	3,537,660	6,926	5,264,441		
EXPENDITURES:								
General Government:								
City council	17,233	15,521	32,754	32,745	9	16,585		
City manager	120,081	17,272	137,353	137,336	17	142,081		
City clerk	43,650	(847)	42,803	42,788	15	46,313		
Board of review	2,133	765	2,898	2,892	6	1,931		
Finance department	119,548	2,852	122,400	122,383	17	136,832		
City assessor	52,206	16,229	68,435	64,639	3,796	76,807		
Elections	11,258	22,952	34,210	34,196	14	8,322		
City hall and grounds	47,815	22,696	70,511	70,491	20	72,681		
City attorney	21,442	4,348	25,790	25,787	3	30,895		
Other general government	518,856	173,930	692,786	630,850	61,936	2,328,940		
Total General Government	954,222	275,718	1,229,940	1,164,107	65,833	2,861,387		
Public Safety:								
Police	970,369	96,028	1,066,397	1,066,367	30	1,009,254		
Fire	157,418	(2,265)	155,153	155,131	22	154,618		
Rental inspector	27,762	(2,112)	25,650	25,642	8	27,079		
Total Public Safety	1,155,549	91,651	1,247,200	1,247,140	60	1,190,951		
Public Works:								
DPW administration	88,532	(8,234)	80,298	80,274	24	124,377		
Equipment maintenance	-	683	683	-	683	-		
Alleys & sidewalks	116,165	34,380	150,545	150,536	9	134,501		
Storm sewer	-	4,600	4,600	4,592	8	-		
City engineer	-	-	-	-	-	-		
Street lights	181,066	(108,317)	72,749	72,737	12	171,574		
Cemetery	196,741	1,269	198,010	197,988	22	179,648		
Total Public Works	582,504	(75,619)	506,885	506,127	758	610,100		
Community and Economic Development:								
Planning commission	500	2,083	2,583	2,581	2	839		
Zoning administration	52,967	(1,183)	51,784	51,775	9	40,786		
Zoning board of appeals	-	-	-	-	-	-		
Neighborhood improvement	11,800	7,503	19,303	19,295	8	5,882		
Economic development	4,000	18,241	22,241	22,240	1	58,336		
DDA administration	2,028	10	2,038	2,030	8	1,553		
Total Community and Economic Development	71,295	26,654	97,949	97,921	28	107,396		
Recreation and Culture:								
Al Quaal	118,530	10,888	129,418	129,399	19	128,642		
Al Quaal Tube Slide	11,490	(1,562)	9,928	9,919	9	259		
Park maintenance	92,598	9,619	102,217	102,196	21	87,991		
Library	265,383	28,023	293,406	293,352	54	277,548		
Total Recreation and Culture	488,001	46,968	534,969	534,866	103	494,440		

City of Ishpeming, Michigan

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024						
	Original Budget	Budget Amendments Increase (Decrease)	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)		2023
Debt Service:							
Principal	\$ 264,475	\$ (21,306)	\$ 243,169	\$ 245,062	\$ (1,893)	\$ 242,024	
Interest and fiscal charges	87,025	19,975	107,000	105,105	1,895	106,783	
Total Debt Service	351,500	(1,331)	350,169	350,167	2	348,807	
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,603,071	364,041	3,967,112	3,900,328	66,784	5,613,081	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(261,146)	(175,232)	(436,378)	(362,668)	73,710	(348,640)	
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	181,503	-	181,503	181,503	-	135,700	
Transfers (out)	(3,000)	3,000	-	-	-	(6,000)	
TOTAL OTHER FINANCING SOURCES (USES)	178,503	3,000	181,503	181,503	-	129,700	
CHANGE IN FUND BALANCE	(82,643)	(172,232)	(254,875)	(181,165)	73,710	(218,940)	
Fund balance, beginning of year	924,659	924,659	924,659	924,659	-	1,143,599	
FUND BALANCE, END OF YEAR	\$ 842,016	\$ 752,427	\$ 669,784	\$ 743,494	\$ 73,710	\$ 924,659	

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					2023
	Original Budget	Budget Amendments Increase (Decrease)	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	
REVENUES:						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,036,823	72,243	1,109,066	884,362	(224,704)	782,755
Interest income and rentals	-	-	-	10,699	10,699	121
Other revenue	150	-	150	-	(150)	-
TOTAL REVENUES	1,036,973	72,243	1,109,216	895,061	(214,155)	782,876
EXPENDITURES:						
Public Works:						
Drainage/backslopes	50,490	(17,490)	33,000	30,206	2,794	68,001
Storm sewer	-	6,300	6,300	6,024	276	-
Construction	290,500	(6,300)	284,200	20,571	263,629	52,826
Routine maintenance	80,714	14,120	94,834	85,978	8,856	71,855
Winter maintenance	268,160	3,840	272,000	270,054	1,946	419,530
Traffic services	41,258	13,742	55,000	52,709	2,291	38,457
Administration	60,960	1,040	62,000	61,648	352	57,882
State trunkline	42,003	16,913	58,916	46,076	12,840	43,531
Total Public Works	834,085	32,165	866,250	573,266	292,984	752,082
Debt Service:						
Principal	22,500	-	22,500	22,384	116	22,132
Interest and fiscal charges	9,600	-	9,600	9,600	-	9,727
Total Debt Service	32,100	-	32,100	31,984	116	31,859
TOTAL EXPENDITURES	866,185	32,165	898,350	605,250	293,100	783,941
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	170,788	40,078	210,866	289,811	78,945	(1,065)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers (out)	(100,000)	-	(100,000)	-	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	-	(100,000)	-	100,000	-
CHANGE IN FUND BALANCE	70,788	40,078	110,866	289,811	178,945	(1,065)
Fund balance, beginning of year, as restated	692,601	692,601	692,601	692,601	-	693,666
FUND BALANCE, END OF YEAR	\$ 763,389	\$ 732,679	\$ 803,467	\$ 982,412	\$ 178,945	\$ 692,601

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					Variance with Final Budget Positive (Negative)	2023
	Original Budget	Budget Amendments Increase (Decrease)	Final Budget	Actual GAAP Basis			
REVENUES:							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	668,000	19,000	687,000	579,480	(107,520)	312,482	
Interest income and rentals	300	-	300	9,268	8,968	127	
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	668,300	19,000	687,300	588,748	(98,552)	312,609	
EXPENDITURES:							
Public Works:							
Drainage/backslopes	58,405	-	58,405	46,662	11,743	62,509	
Construction	250,000	-	250,000	-	250,000	11,032	
Routine maintenance	387,455	-	387,455	99,914	287,541	96,372	
Winter maintenance	246,650	(22,000)	224,650	149,533	75,117	270,895	
Traffic services	34,605	40,395	75,000	73,920	1,080	36,657	
Administration	26,655	-	26,655	24,631	2,024	22,771	
Total Public Works	1,003,770	18,395	1,022,165	394,660	627,505	500,236	
Debt Service:							
Principal	28,000	-	28,000	27,946	54	27,632	
Interest and fiscal charges	12,000	-	12,000	11,986	14	12,145	
Total Debt Service	40,000	-	40,000	39,932	68	39,777	
TOTAL EXPENDITURES	1,043,770	18,395	1,062,165	434,592	627,573	540,013	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(375,470)	605	(374,865)	154,156	529,021	(227,404)	
OTHER FINANCING SOURCES (USES):							
Transfers in	400,000	-	400,000	-	(400,000)	-	
Transfers (out)	-	-	-	-	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	400,000	-	400,000	-	(400,000)	-	
CHANGE IN FUND BALANCE	24,530	605	25,135	154,156	129,021	(227,404)	
Fund balance, beginning of year, as restated	674,266	674,266	674,266	674,266	-	901,670	
FUND BALANCE, END OF YEAR	\$ 698,796	\$ 674,871	\$ 699,401	\$ 828,422	\$ 129,021	\$ 674,266	

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, PARTRIDGE CREEK COMPOST FUND, and the SENIOR CENTER 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, 2024

	Special Revenue Funds	Debt Service Building Authority Fund	Capital Projects Funds	Permanent Funds Perpetual Care Fund	Cemetery Care Fund	Total Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 515,808	\$ 22,149	\$ 10,002	\$ 449,280	\$ 75,126	\$ 1,072,365
Investments	-	-	-	832,509	107,455	939,964
Accounts receivable, net	-	-	-	-	-	-
Taxes receivable	112,682	-	-	-	-	112,682
Other receivable	-	-	-	-	-	-
Due from other governments	-	-	99,160	-	-	99,160
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	628,490	22,149	109,162	1,281,789	182,581	2,224,171
DEFERRED OUTFLOWS OF RESOURCES						
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 628,490	\$ 22,149	\$ 109,162	\$ 1,281,789	\$ 182,581	\$ 2,224,171
LIABILITIES						
Cash overdrafts	\$ -	\$ -	\$ 151,439	\$ -	\$ -	\$ 151,439
Accounts payable	1,915	-	29,387	-	-	31,302
Accrued payroll and related	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-
Due to other funds	-	-	-	175,560	25,307	200,867
TOTAL LIABILITIES	1,915	-	180,826	175,560	25,307	383,608
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	129,049	-	-	-	-	129,049
Discount on investment	-	-	-	-	-	-
Unavailable revenue	-	-	99,160	-	-	99,160
TOTAL DEFERRED INFLOWS OF RESOURCES	129,049	-	99,160	-	-	228,209
FUND BALANCE						
Non-spendable	-	-	-	843,286	145,697	988,983
Restricted	401,937	-	10,002	262,943	11,577	686,459
Committed	-	-	-	-	-	-
Assigned	95,891	22,149	-	-	-	118,040
Unassigned	(302)	-	(180,826)	-	-	(181,128)
TOTAL FUND BALANCE	497,526	22,149	(170,824)	1,106,229	157,274	1,612,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 628,490	\$ 22,149	\$ 109,162	\$ 1,281,789	\$ 182,581	\$ 2,224,171

City of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2024

	Special Revenue Funds	Debt Service Building Authority Fund	Capital Projects Funds	Perpetual Care Fund	Cemetery Care Fund	Total Non-Major Governmental Funds
REVENUES:						
Taxes	\$ 121,630	\$ -	\$ -	\$ -	\$ -	\$ 121,630
Federal sources	-	-	79,381	-	-	79,381
State sources	13,323	-	-	-	-	13,323
Charges for services	-	-	-	20,075	-	20,075
Interest income and rentals	6,526	-	316	10,654	1,201	18,697
Contributions	18,325	-	5,000	-	-	23,325
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	159,804	-	84,697	30,729	1,201	276,431
EXPENDITURES:						
Current Operations:						
Public safety	4,306	-	-	-	-	4,306
Public works	-	-	-	-	-	-
Recreation and culture	36,048	-	150,004	-	-	186,052
Debt Service:						
Principal	70,000	93,600	-	-	-	163,600
Interest and fiscal charges	12,700	51,164	-	-	-	63,864
Capital outlay	-	-	123,742	-	-	123,742
TOTAL EXPENDITURES	123,054	144,764	273,746	-	-	541,564
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,750	(144,764)	(189,049)	30,729	1,201	(265,133)
OTHER FINANCING SOURCES (USES):						
Refunding bonds	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	5,999	144,764	-	-	-	150,763
Transfers (out)	-	-	-	(15,000)	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	5,999	144,764	-	(15,000)	-	135,763
CHANGE IN FUND BALANCE	42,749	-	(189,049)	15,729	1,201	(129,370)
Fund balance, beginning of year	454,777	22,149	18,225	1,090,500	156,073	1,741,724
FUND BALANCE, END OF YEAR	\$ 497,526	\$ 22,149	\$ (170,824)	\$ 1,106,229	\$ 157,274	\$ 1,612,354

City of Ishpeming, Michigan

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

December 31, 2024

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
ASSETS							
Cash and cash equivalents	\$ 210,221	\$ 208,083	\$ 31,345	\$ 6,043	\$ 58,834	\$ 1,282	\$ 515,808
Investments	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-
Taxes receivable	112,682	-	-	-	-	-	112,682
Other receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	322,903	208,083	31,345	6,043	58,834	1,282	628,490
DEFERRED OUTFLOWS OF RESOURCES							
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 322,903	\$ 208,083	\$ 31,345	\$ 6,043	\$ 58,834	\$ 1,282	\$ 628,490
LIABILITIES							
Cash overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	331	1,584	1,915
Accrued payroll	-	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	331	1,584	1,915
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	129,049	-	-	-	-	-	129,049
TOTAL DEFERRED INFLOWS OF RESOURCES	129,049	-	-	-	-	-	129,049
FUND BALANCE							
Non-spendable	-	-	-	-	-	-	-
Restricted	193,854	208,083	-	-	-	-	401,937
Committed	-	-	-	-	-	-	-
Assigned	-	-	31,345	6,043	58,503	-	95,891
Unassigned	-	-	-	-	-	(302)	(302)
TOTAL FUND BALANCE	193,854	208,083	31,345	6,043	58,503	(302)	497,526
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 322,903	\$ 208,083	\$ 31,345	\$ 6,043	\$ 58,834	\$ 1,282	\$ 628,490

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, 2024

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
REVENUES:							
Taxes	\$ 121,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,630
Federal sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	13,323	13,323
Charges for services	-	-	-	-	-	-	-
Interest and rentals	2,722	2,807	-	82	814	101	6,526
Contributions	-	-	1,345	-	16,980	-	18,325
Fines and forfeitures	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	124,352	2,807	1,345	82	17,794	13,424	159,804
EXPENDITURES:							
Current Operations:							
Public safety	-	4,306	-	-	-	-	4,306
Public works	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	17,830	18,218	36,048
Debt Service:							
Principal	70,000	-	-	-	-	-	70,000
Interest and fiscal charges	12,700	-	-	-	-	-	12,700
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	82,700	4,306	-	-	17,830	18,218	123,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	41,652	(1,499)	1,345	82	(36)	(4,794)	36,750
OTHER FINANCING SOURCES:							
Proceeds from borrowing	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Refunding bonds	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Transfers in	-	-	5,999	-	-	-	5,999
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,999	-	-	-	5,999
CHANGE IN FUND BALANCE	41,652	(1,499)	7,344	82	(36)	(4,794)	42,749
Fund balance, beginning of year	152,202	209,582	24,001	5,961	58,539	4,492	454,777
FUND BALANCE, END OF YEAR	\$ 193,854	\$ 208,083	\$ 31,345	\$ 6,043	\$ 58,503	\$ (302)	\$ 497,526

City of Ishpeming, Michigan
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

December 31, 2024

	Teal Lake Recreation Passport Grant Fund	Partridge Creek Compost Fund	Senior Center Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 10,002	\$ 10,002
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Taxes receivable	-	-	-	-
Other receivable	-	-	-	-
Due from other governments	-	99,160	-	99,160
Due from other funds	-	-	-	-
TOTAL ASSETS	-	99,160	10,002	109,162
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 99,160	\$ 10,002	\$ 109,162
LIABILITIES				
Cash overdrafts	\$ 96,666	\$ 54,773	\$ -	\$ 151,439
Accounts payable	-	29,387	-	29,387
Accrued payroll and related	-	-	-	-
Accrued sick and vacation	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	96,666	84,160	-	180,826
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	-	-	-	-
Discount on investment	-	-	-	-
Unavailable revenue	-	99,160	-	99,160
TOTAL DEFERRED INFLOWS OF RESOURCES	-	99,160	-	99,160
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted	-	-	10,002	10,002
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(96,666)	(84,160)	-	(180,826)
TOTAL FUND BALANCE	(96,666)	(84,160)	10,002	(170,824)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ -	\$ 99,160	\$ 10,002	\$ 109,162

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, 2024

	Teal Lake Recreation Passport Grant Fund	Partridge Creek Compost Fund	Senior Center Fund	Total
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal sources	- -	79,381	- -	79,381
State sources	- -	- -	- -	- -
Charges for services	- -	- -	- -	- -
Interest income and rentals	181	- -	135	316
Contributions	5,000	- -	- -	5,000
Other revenues	- -	- -	- -	- -
TOTAL REVENUES	5,181	79,381	135	84,697
EXPENDITURES:				
Current Operations:				
Public safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Recreation and culture	4,232	145,772	- -	150,004
Debt Service:				
Principal	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -
Capital outlay	123,742	- -	- -	123,742
TOTAL EXPENDITURES	127,974	145,772	- -	273,746
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(122,793)	(66,391)	135	(189,049)
OTHER FINANCING SOURCES (USES):				
Refunding bonds	- -	- -	- -	- -
Premium on refunding bonds	- -	- -	- -	- -
Payment to refunded bond escrow agent	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers (out)	- -	- -	- -	- -
TOTAL OTHER FINANCING SOURCES (USES)	- -	- -	- -	- -
CHANGE IN FUND BALANCE	(122,793)	(66,391)	135	(189,049)
Fund balance, beginning of year	26,127	(17,769)	9,867	18,225
FUND BALANCE, END OF YEAR	\$ (96,666)	\$ (84,160)	\$ 10,002	\$ (170,824)

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, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,196,104	\$ 1,972,075
Investments	55,944	55,944
Accounts receivable	425,718	258,956
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	10,914
Due from other governmental units	2,547,342	-
Prepaid	20,334	2,983
Non-current Assets:		
Cash and cash equivalents - restricted	56,000	-
Investment in Wastewater Treatment Facility	3,583,998	3,611,766
Advance to other funds	103,123	103,123
Capital Assets:		
Land and construction in progress	12,089,597	565,943
Other capital assets, net of depreciation	4,030,105	4,493,527
Total Capital Assets	<u>16,119,702</u>	<u>5,059,470</u>
TOTAL ASSETS	<u>26,108,265</u>	<u>11,075,231</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	<u>111,290</u>	<u>193,755</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>111,290</u>	<u>193,755</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	2,550,940	1,806
Accrued payroll and related	2,191	7,825
Accrued interest	9,119	4,921
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Revenue bonds	-	-
Pension obligation bonds	63,055	63,055
Compensated absences	-	-
Portion due or payable after one year		
Revenue bonds	4,151,645	-
Pension obligation bonds	1,043,618	1,106,673
Compensated absences	-	-
Net pension liability (asset)	<u>(150,078)</u>	<u>(171,325)</u>
TOTAL LIABILITIES	<u>7,670,490</u>	<u>1,012,955</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	<u>-</u>	<u>9,337</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>9,337</u>
NET POSITION		
Net investment in capital assets	15,552,055	8,671,236
Restricted for:		
Debt service	55,772	-
Unrestricted	2,941,238	1,575,458
TOTAL NET POSITION	<u>\$ 18,549,065</u>	<u>\$ 10,246,694</u>

City of Ishpeming, Michigan

SEWER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
OPERATING REVENUES:		
Charges for services	\$ 1,974,241	\$ 1,736,761
Other revenue	-	-
TOTAL OPERATING REVENUES	1,974,241	1,736,761
OPERATING EXPENSES:		
Personal services	392,860	104,413
Contractual services	727,845	706,200
Supplies	15,767	22,147
Utilities	3,482	4,080
Depreciation	463,422	452,499
Equipment rental	29,690	41,199
Other expenses	41,280	109,335
TOTAL OPERATING EXPENSES	1,674,346	1,439,873
OPERATING INCOME (LOSS)	299,895	296,888
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	(31,148)	(27,403)
Gain/(loss) on wastewater facility	(27,768)	(123,475)
Interest income	36,392	1,882
TOTAL NON-OPERATING (EXPENSES)	(22,524)	(148,996)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	277,371	147,892
Federal sources	8,025,000	-
State sources	-	-
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	8,302,371	147,892
Net position, beginning of year	<u>10,246,694</u>	<u>10,098,802</u>
NET POSITION, END OF YEAR	<u>\$ 18,549,065</u>	<u>\$ 10,246,694</u>

City of Ishpeming, Michigan

SEWER FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	\$ 1,818,393	\$ 1,763,720
Other operating revenues	-	-
Cash payments to employees for services	(304,119)	(292,233)
Cash payments to suppliers for goods and services	<u>(833,623)</u>	<u>(891,084)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	680,651	580,403
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
(Increase) decrease in due from/advance to other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	-
Principal on pension obligation bonds	(63,055)	(62,445)
Interest on pension obligation bonds	<u>(26,950)</u>	<u>(27,403)</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(90,005)	(89,848)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	-	-
Interest paid on debt	-	-
Proceeds from borrowing	1,604,303	-
Cash payments for capital assets	(8,976,312)	(675,170)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	<u>8,025,000</u>	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	652,991	(675,170)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	-	(1,415)
Investment income	36,392	1,882
(Increase) decrease in restricted assets	<u>(56,000)</u>	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(19,608)	467
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,224,029	(184,148)
Cash and cash equivalents, beginning of year	<u>1,972,075</u>	<u>2,156,223</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,196,104	\$ 1,972,075
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 299,895	\$ 296,888
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	463,422	452,499
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(155,848)	26,959
(Increase) decrease in prepaid	(17,351)	(2,983)
Increase (decrease) in accounts payable	1,792	(5,140)
Increase (decrease) in accrued payroll	(5,634)	3,843
Increase (decrease) in accrued sick and vacation	-	(61)
Increase (decrease) in net pension liability and related	94,375	(191,602)
NET ADJUSTMENTS	380,756	283,515
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 680,651	\$ 580,403
Non-cash Items:		
Due from the State for draw downs on SRF projects	\$ 2,547,342	\$ -
Property and equipment included in outstanding payables	2,547,342	-

City of Ishpeming, Michigan

WATER FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,205,673	\$ 2,190,295
Accounts receivable	622,752	455,542
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	-
Due from other funds	-	-
Due from other governmental units	5,848	10,429
Prepaid	17,792	2,983
Non-current Assets:		
Cash and cash equivalents - restricted	994,090	1,061,216
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	2,063,856	581,743
Other capital assets, net of depreciation	12,297,936	12,699,437
Total Capital Assets	<u>14,361,792</u>	<u>13,281,180</u>
TOTAL ASSETS	21,818,393	20,612,091
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	<u>219,588</u>	<u>319,965</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	219,588	319,965
LIABILITIES		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	91,031	81,056
Customer deposits payable	222,286	200,951
Accrued payroll and related	8,620	13,466
Accrued interest	19,527	20,725
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Revenue bonds	168,000	164,000
Pension obligation bonds	86,553	86,553
Compensated absences	-	-
Portion due or payable after one year		
Revenue bonds	7,782,000	7,900,000
Pension obligation bonds	1,432,487	1,519,040
Compensated absences	33,319	15,177
Net pension liability	<u>553,959</u>	<u>524,795</u>
TOTAL LIABILITIES	10,397,782	10,525,763
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	9,919,115	8,724,503
Restricted for:		
Debt service	946,317	1,020,215
Unrestricted	<u>774,767</u>	<u>661,575</u>
TOTAL NET POSITION	<u>\$11,640,199</u>	<u>\$10,406,293</u>

City of Ishpeming, Michigan

WATER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
OPERATING REVENUES:		
Charges for services	\$ 2,871,302	\$ 2,545,487
Other revenue	2,310	2,207
	<u>2,873,612</u>	<u>2,547,694</u>
OPERATING EXPENSES:		
Personal services	873,674	251,429
Contractual services	982,927	674,337
Supplies	87,165	141,488
Utilities	29,228	22,651
Depreciation	397,794	397,793
Equipment rental	154,577	80,517
Other expenses	41,479	46,787
	<u>2,566,844</u>	<u>1,615,002</u>
	<u>OPERATING INCOME (LOSS)</u>	<u>932,692</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	(195,565)	(200,525)
Gain/(loss) on sale of fixed assets	(3,707)	-
Interest income	19,683	393
	<u>(179,589)</u>	<u>(200,132)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	127,179	732,560
Federal sources	868,514	-
State sources	238,213	128,197
Transfers in	-	-
Transfers (out)	-	(36,000)
CHANGE IN NET POSITION	1,233,906	824,757
Net position, beginning of year	<u>10,406,293</u>	<u>9,581,536</u>
NET POSITION, END OF YEAR	<u>\$ 11,640,199</u>	<u>\$ 10,406,293</u>

City of Ishpeming, Michigan

WATER FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	\$ 2,704,092	\$ 2,552,867
Other operating revenues	2,310	(7,264)
Cash payments to employees for services	(730,837)	(507,930)
Cash payments to suppliers for goods and services	<u>(1,323,934)</u>	<u>(921,201)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	651,631	1,116,472
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Increase (decrease) in cash overdraft	-	-
(Increase) decrease in due from/advance to other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	(36,000)
Principal on pension obligation bonds	(86,553)	(85,767)
Interest on pension obligation bonds	<u>(37,123)</u>	<u>(37,614)</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(123,676)	(159,381)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	(164,000)	(161,000)
Interest paid on debt	(159,640)	(162,911)
Proceeds from borrowing	50,000	-
Cash payments for capital assets	(1,437,054)	(98,761)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	1,111,308	117,768
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(599,386)	(304,904)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	19,683	393
(Increase) decrease in restricted assets	<u>67,126</u>	<u>(173,311)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	86,809	(172,918)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,378	479,269
Cash and cash equivalents, beginning of year	2,190,295	1,711,026
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,205,673	\$ 2,190,295
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 306,768	\$ 932,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	397,794	397,793
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(167,210)	(3,049)
(Increase) decrease in due from other governmental units	-	958
(Increase) decrease in prepaid	(14,809)	(2,983)
Increase (decrease) in accounts payable	(35,084)	33,049
Increase (decrease) in customer deposits payable	21,335	14,513
Increase (decrease) in accrued payroll	(4,846)	5,071
Increase (decrease) in accrued sick and vacation	18,142	1,774
Increase (decrease) in net pension liability and related	129,541	(263,346)
NET ADJUSTMENTS	344,863	183,780
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 651,631	\$ 1,116,472
Non-cash Items:		
Due from the State for draw downs on SRF projects	\$ 5,848	\$ -
Due from the State for DWAM project	-	10,429
Property and equipment included in outstanding payables	45,059	-

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2024 and 2023

	2024	2023
ASSETS		
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	-	-
Other capital assets, net of depreciation	295,009	307,301
Total Capital Assets	<u>295,009</u>	<u>307,301</u>
	TOTAL ASSETS	295,009
	307,301	
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Cash overdrafts	54,334	86,560
Accounts payable	30,561	-
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	<u>206,246</u>	<u>206,246</u>
	TOTAL LIABILITIES	291,141
	292,806	
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	295,009	307,301
Restricted for:		
Debt service	-	-
Unrestricted (deficit)	<u>(291,141)</u>	<u>(292,806)</u>
TOTAL NET POSITION	\$ 3,868	\$ 14,495

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
OPERATING REVENUES:		
Charges for services	\$ 15,600	\$ 3,865
Other revenue	-	-
TOTAL OPERATING REVENUES	<u>15,600</u>	<u>3,865</u>
OPERATING EXPENSES:		
Personal services	4,203	7,922
Contractual services	5,078	8,306
Supplies	2,072	6,415
Utilities	-	-
Depreciation	12,292	-
Equipment rental	1,792	5,786
Other expenses	790	-
TOTAL OPERATING EXPENSES	<u>26,227</u>	<u>28,429</u>
OPERATING INCOME (LOSS)	<u>(10,627)</u>	<u>(24,564)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	-	-
TOTAL NON-OPERATING (EXPENSES)	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(10,627)</u>	<u>(24,564)</u>
State sources	-	-
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	<u>(10,627)</u>	<u>(24,564)</u>
Net position, beginning of year	<u>14,495</u>	<u>39,059</u>
NET POSITION, END OF YEAR	<u>\$ 3,868</u>	<u>\$ 14,495</u>

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	\$ 15,600	\$ 3,865
Other operating revenues	-	-
Cash payments to employees for services	(4,203)	(7,922)
Cash payments to suppliers for goods and services	<u>20,829</u>	<u>(20,507)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>32,226</u>	<u>(24,564)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Increase (decrease) in cash overdraft	(32,226)	25,247
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(32,226)</u>	<u>25,247</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments for capital assets	-	(683)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(683)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>
Cash and cash equivalents, beginning of year	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (10,627)	\$ (24,564)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,292	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	-	-
Increase (decrease) in accounts payable	30,561	-
Increase (decrease) in accrued payroll	-	-
Increase (decrease) in unavailable revenue	-	-
NET ADJUSTMENTS	<u>42,853</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 32,226</u>	<u>\$ (24,564)</u>

City of Ishpeming, Michigan
GARBAGE & RUBBISH FUND
COMPARATIVE STATEMENT OF NET POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 431,307	\$ 414,788
Accounts receivable	153,202	145,246
Allowance for uncollectible accounts	-	-
Delinquent utilities	-	-
Due from other governmental units	-	-
Prepaid expense	1,906	-
Non-current Assets:		
Cash and cash equivalents - restricted	-	-
Capital Assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	-	-
Total Capital Assets	-	-
	TOTAL ASSETS	586,415
	DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	29,649	29,846
Customer deposits payable	-	-
Accrued payroll and related	37	130
Accrued interest	-	-
Due to other funds	-	-
	TOTAL LIABILITIES	29,686
	DEFERRED INFLOWS OF RESOURCES	29,976
Unavailable revenue	9,840	9,840
	TOTAL DEFERRED INFLOWS OF RESOURCES	9,840
NET POSITION		
Net investment in capital assets	-	-
Restricted for:		
Debt service	-	-
Unrestricted	546,889	520,218
	TOTAL NET POSITION	\$ 546,889
		\$ 520,218

City of Ishpeming, Michigan

GARBAGE & RUBBISH FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
OPERATING REVENUES:		
Charges for services	\$ 851,850	\$ 901,114
Other revenue	-	-
TOTAL OPERATING REVENUES	851,850	901,114
OPERATING EXPENSES:		
Personal services	29,698	30,112
Contractual services	743,452	728,634
Supplies	8,526	1,417
Utilities	3,293	2,970
Depreciation	-	-
Equipment rental	34,871	35,051
Other expenses	11,335	15,298
TOTAL OPERATING EXPENSES	831,175	813,482
OPERATING INCOME (LOSS)	20,675	87,632
NON-OPERATING REVENUES (EXPENSES):		
Interest income	5,996	67
TOTAL NON-OPERATING (EXPENSES)	5,996	67
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	26,671	87,699
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	26,671	87,699
Net position, beginning of year	<u>520,218</u>	<u>432,519</u>
NET POSITION, END OF YEAR	\$ 546,889	\$ 520,218

City of Ishpeming, Michigan

GARBAGE & RUBBISH FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	\$ 843,894	\$ 930,877
Other operating revenues	-	-
Cash payments to employees for services	(29,791)	(30,027)
Cash payments to suppliers for goods and services	<u>(803,580)</u>	<u>(763,431)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,523	137,419
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments for capital assets	-	-
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	<u>5,996</u>	<u>67</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>5,996</u>	<u>67</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,519	137,486
Cash and cash equivalents, beginning of year	<u>414,788</u>	<u>277,302</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 431,307</u>	<u>\$ 414,788</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ 20,675</u>	<u>\$ 87,632</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(7,956)	19,923
(Increase) decrease in prepaid expense	(1,906)	-
Increase (decrease) in accounts payable	(197)	19,939
Increase (decrease) in accrued payroll	(93)	85
Increase (decrease) in unavailable revenue	-	9,840
NET ADJUSTMENTS	<u>(10,152)</u>	<u>49,787</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 10,523</u>	<u>\$ 137,419</u>

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, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 26,115	\$ 499,629
Due from other funds	-	-
Prepaid expense	6,354	-
Non-current Assets:		
Capital Assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	<u>1,098,473</u>	<u>1,151,252</u>
Total Capital Assets	<u>1,098,473</u>	<u>1,151,252</u>
	TOTAL ASSETS	<u>1,130,942</u>
	<u>1,650,881</u>	
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	-	-
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	32,012	288,005
Accrued payroll and related	2,429	3,458
Accrued interest	4,765	5,592
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Notes payable	70,175	84,186
Compensated absences	-	-
Portion due or payable after one year		
Notes payable	119,291	189,412
Compensated absences	9,152	4,953
Net pension liability (asset)	-	-
	TOTAL LIABILITIES	<u>237,824</u>
	<u>575,606</u>	
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION		
Net investment in capital assets	909,007	877,654
Restricted	-	-
Unrestricted (deficit)	<u>(15,889)</u>	<u>197,621</u>
	TOTAL NET POSITION	<u>\$ 893,118</u>
	<u>\$ 1,075,275</u>	

City of Ishpeming, Michigan

MOTOR POOL FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
OPERATING REVENUES:		
Rentals	\$ 815,866	\$ 782,188
Charges for services	-	-
Other revenue	-	<u>21,331</u>
TOTAL OPERATING REVENUES	815,866	803,519
OPERATING EXPENSES:		
Personal services	245,693	208,340
Contractual services	13,574	7,821
Supplies	258,998	234,857
Depreciation	192,986	162,611
Other expenses	114,390	<u>94,684</u>
TOTAL OPERATING EXPENSES	825,641	708,313
OPERATING INCOME (LOSS)	(9,775)	95,206
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	(10,605)	(20,626)
Gain/(loss) on sale of assets	1,500	24,971
Interest income	3,226	<u>116</u>
TOTAL NON-OPERATING (EXPENSES)	(5,879)	4,461
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(15,654)	99,667
Transfers in	-	-
Transfers (out)	<u>(166,503)</u>	<u>(70,000)</u>
CHANGE IN NET POSITION	(182,157)	29,667
Net position, beginning of year	<u>1,075,275</u>	<u>1,045,608</u>
NET POSITION, END OF YEAR	\$ 893,118	\$ 1,075,275

City of Ishpeming, Michigan

MOTOR POOL FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	\$ -	\$ -
Other operating revenues	815,866	803,519
Cash payments to employees for services	(242,523)	(207,809)
Cash payments to suppliers for goods and services	(649,309)	(54,468)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(75,966)	541,242
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	-	-
Transfers in (out)	(166,503)	(70,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(166,503)	(70,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	(84,132)	(97,030)
Interest paid on debt	(11,432)	(15,034)
Proceeds from borrowing	-	195,029
Cash payments for capital assets	(140,207)	(528,103)
Proceeds from sale of capital assets	1,500	24,971
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(234,271)	(420,167)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	3,226	116
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,226	116
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(473,514)	51,191
Cash and cash equivalents, beginning of year	499,629	448,438
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 26,115	\$ 499,629
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (9,775)	\$ 95,206
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	192,986	162,611
Change in assets and liabilities:		
(Increase) decrease in prepaid expense	(6,354)	-
Increase (decrease) in accounts payable	(255,993)	282,894
Increase (decrease) in accrued payroll	(1,029)	994
Increase (decrease) in accrued sick and vacation	4,199	(463)
Increase (decrease) in net pension liability and related	-	-
NET ADJUSTMENTS	(66,191)	446,036
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (75,966)	\$ 541,242

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, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 584,405	\$ 408,417
Investments	17,251	16,490
Accounts receivable, net	-	-
Taxes receivable	240,380	267,667
Other receivable	-	-
Due from other governments	-	-
Primary government internal balances	372,472	409,719
Prepays	-	-
Notes receivable	-	-
TOTAL ASSETS	1,214,508	1,102,293
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,214,508	\$ 1,102,293
LIABILITIES		
Cash overdrafts	\$ -	\$ -
Accounts payable	9,212	900
Due to comp unit	-	-
Accrued payroll and related	60	239
Accrued sick and vacation leave	-	-
Unearned revenue	-	-
Due to other funds	-	-
TOTAL LIABILITIES	9,272	1,139
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	355,679	267,668
TOTAL DEFERRED INFLOWS OF RESOURCES	355,679	267,668
FUND BALANCE		
Non-spendable	372,472	409,719
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	477,085	423,767
TOTAL FUND BALANCE	849,557	833,486
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,214,508	\$ 1,102,293

City of Ishpeming, Michigan

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

December 31, 2024

Total Fund Balances for Downtown Development Authority	\$ 849,557
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*Amounts reported for governmental activities in the statement
of net position are different because:*

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.

Land, construction in progress and historical treasures	\$ -
Other capital assets, net of depreciation	<u>1,175,103</u>
	1,175,103

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	(5,365)
Bonds payable	(680,110)
Premium on bonds	<u>(40,176)</u>
	(850,136)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,174,524</u>

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, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024						2023	
	Original Budget	Budget Amendments		Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)		
		Increase	(Decrease)					
REVENUES:								
Taxes	\$ 251,750	\$ 36,141		\$ 287,891	\$ 305,189	\$ 17,298	\$ 260,610	
Federal sources	-	-		-	-	-	-	
State sources	-	-		-	-	-	-	
Interest income and rentals	200	-		200	7,975	7,775	774	
Contributions	1,500	-		1,500	250	(1,250)	1,200	
Other revenue	-	-		-	-	-	-	
TOTAL REVENUES	253,450	36,141		289,591	313,414	23,823	262,584	
EXPENDITURES:								
Other governmental	104,720	136,000		240,720	155,272	85,448	64,192	
Debt service:								
Principal	124,840	-		124,840	124,700	140	124,485	
Interest and fiscal charges	19,500	-		19,500	17,371	2,129	19,865	
Total Debt Service	144,340	-		144,340	142,071	2,269	144,350	
TOTAL EXPENDITURES	249,060	136,000		385,060	297,343	87,717	208,542	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,390	(99,859)		(95,469)	16,071	111,540	54,042	
OTHER FINANCING SOURCES (USES):								
Proceeds from sale of capital assets	-	-		-	-	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	-	-		-	-	-	-	
CHANGE IN FUND BALANCE	4,390	(99,859)		(95,469)	16,071	111,540	54,042	
Fund balance, beginning of year	833,486	833,486		833,486	833,486	-	779,444	
FUND BALANCE, END OF YEAR	\$ 837,876	\$ 733,627		\$ 738,017	\$ 849,557	\$ 111,540	\$ 833,486	

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 16,071

*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	(113,418)
Net book value of disposed assets	<hr/> - (113,418)

Repayment of principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. 124,700

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. -

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

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. -

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>33,922</u>
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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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 2025.

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 2024-001 to be significant deficiencies.

To the City Council of the
City of Ishpeming, Michigan

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

July 30, 2025

COMMUNICATIONS SECTION



City of Ishpeming, Michigan
Report to Management
For the Year Ended December 31, 2024

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, 2024, 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

**2024-001 – 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

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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, PLC
Certified Public Accountants

July 30, 2025



City of Ishpeming, Michigan
Communication with Those Charged with Governance
For the Year Ended December 31, 2024

July 30, 2025

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, 2024. 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 May 2, 2025. 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

To the City Council of the
City of Ishpeming, Michigan

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, 2023.

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 July 30, 2025.

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 2024-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, PLC
Certified Public Accountants

To the City Council of the
City of Ishpeming, Michigan

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended December 31, 2024

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 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 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.

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)

To the City Council of the
City of Ishpeming, Michigan

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended December 31, 2024

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 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.

To the City Council of the
City of Ishpeming, Michigan

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended December 31, 2024

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

GASB 104: Disclosure of Certain Capital Assets

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

The objective of this Statement is to provide detailed information about capital assets in notes to financial statements by requiring certain capital assets to be presented by major class. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

We expect this standard to have a moderate 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, 2024

July 30, 2025

In response to the findings disclosed in the audited financial statements for the year ended December 31, 2024:

SIGNIFICANT DEFICIENCIES

2024-001 – 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.

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