CITY OF ISHPEMING, MICHIGAN

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ishpeming, Michigan (the City), as of and for the year ended December 31, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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, 2024, 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 2024 financial statements for the year ended December 31, 2024, 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 2024 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 2024 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.

To the 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 29, 2026, 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 29, 2026

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, 2025. Please read it in conjunction with the financial statements included below.

FINANCIAL HIGHLIGHTS

- Net position for the City as a whole increased by $5,880,969 as a result of this year's operations. Net position of our business-type activities increased by $6,807,726 or 22 percent, and net position of our governmental activities decreased by $926,757 or 6 percent.

- During the year, the City had expenses for governmental activities that were $7,980,187 and generated $7,053,430 in general revenues, program revenues, and transfers.

- The City's business-type activities had expenses of $5,383,147, generated $12,190,873 in general revenues, program revenues, and transfers.

- The General Fund reported a net change in fund balance of ($527,339); this is $189,506 more than the forecasted decrease of $337,833.

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.

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.

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, 2025 and 2024.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$6,419,776	$8,117,131	$17,036,287	$17,770,999	$23,456,063	$25,888,130
Capital assets, net	19,551,251	19,041,565	45,058,027	30,776,503	64,609,278	49,818,068
Total Assets	25,971,027	27,158,696	62,094,314	48,547,502	88,065,341	75,706,198
Deferred outflows of resources	1,186,503	1,923,848	54,672	330,878	1,241,175	2,254,726
Current and other liabilities	654,986	696,722	2,418,180	2,963,961	3,073,166	3,660,683
Long-term liabilities	8,847,316	10,440,957	21,892,793	15,164,558	30,740,109	25,605,515
Total Liabilities	9,502,302	11,137,679	24,310,973	18,128,519	33,813,275	29,266,198
Deferred inflows of resources	3,829,523	3,172,997	114,605	9,840	3,944,128	3,182,837
Net Position:						
Net investment in capital assets	17,471,146	16,562,694	32,866,462	25,766,179	50,337,608	42,328,873
Restricted	3,044,367	4,255,590	1,449,061	1,002,089	4,493,428	5,257,679
Unrestricted	(6,689,808)	(6,046,416)	3,407,885	3,971,753	(3,281,923)	(2,074,663)
Total Net Position	$13,825,705	$14,771,868	$37,723,408	$30,740,021	$51,549,113	$45,511,889

Net position of the City's governmental activities stood at $13,825,705. *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 ($6,689,808).

The ($6,689,808) 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.

The net position of our business-type activities stood at $37,723,408. 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 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for services	$837,686	$333,887	$5,783,099	$5,715,303	$6,620,785	$6,049,190
Operating grants and contributions	2,003,969	1,729,768	-	-	2,003,969	1,729,768
Capital grants and contributions	-	138,163	6,197,037	9,131,727	6,197,037	9,269,890
General Revenues:						
Property taxes	2,739,011	2,571,211	-	-	2,739,011	2,571,211
Unrestricted intergovernmental	1,106,923	1,044,446	-	-	1,106,923	1,044,446
Interest and investment earnings	149,102	74,810	208,339	62,071	357,441	136,881
Fines and forfeitures	47,586	52,429	-	-	47,586	52,429
Miscellaneous	171,551	129,114	-	-	171,551	129,114
Gain/(loss) on sale of assets	-	-	-	(3,707)	-	(3,707)
Total Revenues	7,055,828	6,073,828	12,188,475	14,905,394	19,244,303	20,979,222
Program Expenses:						
General government	2,383,748	2,096,369	-	-	2,383,748	2,096,369
Public safety	1,532,247	1,299,748	-	-	1,532,247	1,299,748
Public works	2,460,839	1,569,982	-	-	2,460,839	1,569,982
Community and economic development	103,835	97,921	-	-	103,835	97,921
Recreation and culture	764,150	829,376	-	-	764,150	829,376
Capital outlay	555,460	169,623	-	-	555,460	169,623
Interest on long-term debt	179,908	189,627	-	-	179,908	189,627
Sewer		-	1,948,104	1,733,262	1,948,104	1,733,262
Water	-	-	2,562,155	2,762,409	2,562,155	2,762,409
Brasswire Campground	-	-	23,666	26,227	23,666	26,227
Garbage & Rubbish	-	-	849,222	831,175	849,222	831,175
Total Expenses	7,980,187	6,252,646	5,383,147	5,353,073	13,363,334	11,605,719
Excess (deficiency) before transfers	(924,359)	(178,818)	6,805,328	9,552,321	5,880,969	9,373,503
Transfers in (out)	(2,398)	-	2,398	-	-	-
Increase (decrease) in net position	(926,757)	(178,818)	6,807,726	9,552,321	5,880,969	9,373,503
Net Position, Beginning	14,771,868	15,137,805	30,740,021	21,187,700	45,511,889	36,325,505
Prior period adjustment	(19,406)	(187,119)	175,661	-	156,255	(187,119)
Net Position, Beginning of year, as restated	14,752,462	14,950,686	30,915,682	21,187,700	45,668,144	36,138,386
Net Position, Ending	$13,825,705	$14,771,868	$37,723,408	$30,740,021	51,549,113	$45,511,889

The City's total revenues were $19,244,303; the total cost of all programs and services was $13,363,334 leaving an increase in net position of $5,880,969. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

Government activities net position decreased by $926,757. This overall decrease was due to a change in combined governmental fund balance of ($1,603,487), changes in general fixed assets of $710,886, proceeds from borrowing of $-0-, principal payments on debt of $515,902, a change in accrued interest of $3,397, adjustments due to amortization of deferred amounts on bond of $4,421, change in pension liability and related of ($305,714) for MERS, change pension liability and related of ($50,421) for the Police and Fire Retirement System, and a change in compensated absences of ($201,741).

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	$2,383,748	$2,191 ,129
Public Safety	1,532,247	1,372,850
Public Works	2,460,839	507,438

Business-type Activities

Business-type activities net position increased by $6,807,726.

Sewer Fund
The Sewer Fund had an increase of $139,373 during the current fiscal year. The City expended all of the federal grant for the Clean Water State Revolving Fund (CWSRF) project. As such, the current year's activity is comparable to that of the prior year (excluding the grant). The City continued the CWSRF project and made approximately $1.6 million in draws on the loan in the current year. The project is scheduled to be completed in 2026.

Water Fund
The Water Fund had an increase of $6,545,968 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 loan through the State's revolving loan fund. The City recognized $6,064,724 of the $8,025,000 EGLE grant in the current fiscal year and made draws of $5.6 million on the loan.

Garbage & Rubbish Fund
The Garbage & Rubbish fund had an increase of $126,253 during the current fiscal year.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a *combined* fund balance of $3,224,512, a decrease of $1,603,487 from the beginning of the year.

The combined fund balance decrease of $1,603,487 was due to decreases in the General Fund, Major Street Fund, Local Street, and the Public Improvement Fund partially offset by increases in the 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 $750,000 compared to the original budget. While actual revenues came in $104,660 more than the final budget this was offset by expenditures exceeding budgeted amounts as enumerated upon below.

The original budget had expenditures totaling $3,568,116 resulting in a projected change in fund balance of $3,014. Throughout the year various departmental expenditures were amended resulting in an overall increase in budgeted expenditures of $1,090,847. During the year the City Council had approved the closure of the Motor Pool Fund to the General Fund in the prior fiscal year. The current year is the first year of the equipment rental operations being accounted for in the General Fund. This accounts for roughly $500,000 of the increased revenue and approximately $415,000 of the increase in expenditures to account for the equipment maintenance department.

At the end of the fiscal year the General Fund also absorbed the City's Brasswire Camground Fund, which resulted in the General Fund "buying" the campground asset for $282,717. Actual change in fund balance for the current year was a loss of $527,339, which is $189,506 more than the final budget's projected decrease of $337,833.

Major Street Fund

Budget amendments during the fiscal year resulted in a decrease in budgeted revenues and increases in budgeted expenditures. Actual revenues were $14,261 more than the final budget, expenditures were less than the final budget resulting a loss in fund balance of $329,479. This loss is mainly due to the City incurring additional costs for infrastructure improvements that were made in conjunction with the ongoing CWSRF and DWSRF projects.

Local Street Fund

Minor budget amendments were made during the current fiscal year related to revenues. However, the budget amendments significantly increased expenditures. Actual revenues were in line with budgeted amounts and actual expenditures came in under final budgeted amounts which resulted in an overall loss in fund balance of $222,572. Like the Major Street Fund, the City incurred additional infrastructure costs for local streets improvements in conjunction with the ongoing CWSRF and DWSRF projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the City had $64,609,278 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)

	2025			
	Governmental Activities	Business-type Activities	Total	2024 Total
Land	$1,280,750	$10,888	$1,291,638	$1,291,638
Historical treasures	135,275	-	135,275	135,275
Construction in progress	87,650	28,114,623	28,202,273	14,401,925
Land improvements	3,113,115	-	3,113,115	2,778,158
Buildings and improvements	4,735,003	15,552	4,750,555	5,006,305
Equipment and vehicles	1,382,445	1,038,428	2,420,873	1,905,899
Infrastructure	8,817,013	-	8,817,013	8,105,268
Sewer system	-	3,609,548	3,609,548	3,932,091
Water system	-	12,268,988	12,268,988	12,261,509
Total	$19,551,251	$45,058,027	$64,609,278	$49,818,068

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 completed in the current year. This includes a new Columbarium and GIS system for the cemetery. The City completed a new skatepark, which was partially being funded through a MI Community Centers Grant through the State's Department of Labor and Economic Opportunity.

Other notable asset additions included a new police vehicle, kayak launch at Teal Lake, various DPW equipment, and infrastructure improvements done in conjunction with the CWSRF and DWSRF projects.

During the fiscal year the City had no disposals; however, due to the closure of the Motor Pool certain assets were transferred to the Sewer and Water funds.

Business-Type Activities
In 2025 the City continued work on its CWSRF and DWSRF projects. Costs related to the project are reported as part of construction in progress. Other notable assets was the purchase of a new Vactor truck that will be utilized by both the Sewer Fund and Water Fund.

During the fiscal year the City had no disposals; however, the Brasswire Campground Fund was closed and the assets were transferred to governmental activities with future camp fees and costs being accounted for in the General Fund.

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

Debt

At year-end, the City had $28,733,939 in bonds and notes outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	2025			
	Governmental Activities	Business-type Activities	Total	2024 Total
General Obligation Bonds	$6,473,895	$2,476,105	$8,950,000	$9,514,000
Refunding Bonds	495,105	-	495,105	585,405
Revenue Bonds	-	19,169,543	19,169,543	12,101,645
Contracts and notes payable	-	119,291	119,291	156,953
Total	$6,969,000	$21,764,939	$28,733,939	$22,358,003

The City did not issue any new debt during the year, but did continue to make draws on the Sewer and Water revenue bonds as part of the CWSRF and DWSRF projects in the amount of $1,649,535 and $5,586,363, respectively. Principal payments are due on the CWSRF loan beginning with fiscal year 2026 whereas principal on the DWSRF loan is not scheduled to begin until fiscal year 2027. Interest is accrued on these loans based on the amount drawn.

During the year the City made principal payments on governmental activities and business-type activities debt payments in the amount of $515,902, and $344,060.

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 2026 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 third year in a row August of 2026. This is just one of several of the many exciting changes taking place within the City of Ishpeming.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Ishpeming, Michigan

STATEMENT OF NET POSITION

December 31, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 2,618,164	$ 5,811,363	$ 8,429,527	$ 662,827
Investments	998,679	55,944	1,054,623	17,882
Receivables, net	2,840,561	1,568,121	4,408,682	249,620
Primary government internal balances	(206,246)	206,246	-	-
Advance to primary government	-	-	-	335,225
Prepaids and other assets	168,618	41,895	210,513	-
Non-current Assets:				
Cash and cash equivalents - restricted	-	2,255,449	2,255,449	-
Investment in Wastewater Treatment Facility	-	3,589,946	3,589,946	-
Investment in Joint Water Authority	-	3,507,323	3,507,323	-
Capital assets:				
Land, construction in progress and other non-depreciable assets	1,503,675	28,125,511	29,629,186	-
Other capital assets, net of depreciation	18,047,576	16,932,516	34,980,092	1,061,685
Total Capital Assets	19,551,251	45,058,027	64,609,278	1,061,685
TOTAL ASSETS	25,971,027	62,094,314	88,065,341	2,327,239
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	880,527	54,672	935,199	-
Contributions subsequent to measurement date	305,976	-	305,976	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,186,503	54,672	1,241,175	-
LIABILITIES				
Current Liabilities:				
Accounts payable	152,759	2,059,934	2,212,693	23,621
Advance from component unit	335,225	-	335,225	-
Customer deposits payable	-	256,659	256,659	-
Accrued liabilities	124,645	28,166	152,811	528
Accrued interest	42,357	73,421	115,778	4,536
Unearned revenue	-	-	-	-
Non-current Liabilities:				
Portion due or payable within one year:				
Bonds payable	518,860	523,970	1,042,830	133,170
Notes payable	-	27,736	27,736	-
Compensated absences	280,902	21,789	302,691	-
Portion due or payable after one year:				
Bonds payable	6,476,661	21,121,678	27,598,339	581,162
Notes payable	-	91,555	91,555	-
Compensated absences	260,246	859	261,105	-
Net pension liability (asset)	1,310,647	105,206	1,415,853	-
TOTAL LIABILITIES	9,502,302	24,310,973	33,813,275	743,017
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	2,582,635	-	2,582,635	354,293
Deferred amounts related to pension	1,246,888	114,605	1,361,493	-
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,829,523	114,605	3,944,128	354,293
NET POSITION				
Net investment in capital assets	17,471,146	32,866,462	50,337,608	347,353
Restricted	3,044,367	1,449,061	4,493,428	335,225
Unrestricted	(6,689,808)	3,407,885	(3,281,923)	547,351
TOTAL NET POSITION	$ 13,825,705	$ 37,723,408	$ 51,549,113	$ 1,229,929

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

City of Ishpeming, Michigan

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Function / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	$ 2,383,748	$ 157,666	$ 34,953	$ -	$ (2,191,129)	$ -	$ (2,191,129)	$ -
Public safety	1,532,247	114,678	44,719	-	(1,372,850)	-	(1,372,850)	-
Public works	2,460,839	508,407	1,444,994	-	(507,438)	-	(507,438)	-
Community and economic development	103,835	-	176,057	-	72,222	-	72,222	-
Recreation and culture	764,150	56,935	303,246	-	(403,969)	-	(403,969)	-
Capital outlay	555,460	-	-	-	(555,460)	-	(555,460)	-
Interest on long-term debt	179,908	-	-	-	(179,908)	-	(179,908)	-
Total Governmental Activities	7,980,187	837,686	2,003,969	-	(5,138,532)	-	(5,138,532)	-
Business-Type Activities:								
Sewer	1,948,104	1,968,241	-	-	-	20,137	20,137	-
Water	2,562,155	2,840,502	-	6,197,037	-	6,475,384	6,475,384	-
Brasswire Campground	23,666	17,400	-	-	-	(6,266)	(6,266)	-
Garbage & Rubbish	849,222	956,956	-	-	-	107,734	107,734	-
Total Business-Type Activities	5,383,147	5,783,099	-	6,197,037	-	6,596,989	6,596,989	-
TOTAL PRIMARY GOVERNMENT	$ 13,363,334	$ 6,620,785	$ 2,003,969	$ 6,197,037	(5,138,532)	6,596,989	1,458,457	-
Component Unit:								
Downtown Development Authority	$ 322,985	$ -	$ -	$ -	-	-	-	(322,985)
General Revenues:								
Property taxes					2,739,011	-	2,739,011	355,699
Unrestricted intergovernmental sources					1,106,923	-	1,106,923	-
Interest and investment earnings					149,102	208,339	357,441	22,591
Fines and Forfeitures					47,586	-	47,586	-
Miscellaneous					171,551	-	171,551	100
Gain/(loss) on sale of assets					-	-	-	-
Transfers					(2,398)	2,398	-	-
TOTAL GENERAL REVENUES & TRANSFERS					4,211,775	210,737	4,422,512	378,390
CHANGE IN NET POSITION					(926,757)	6,807,726	5,880,969	55,405
Net position, beginning of year					14,771,868	30,740,021	45,511,889	1,174,524
Prior period adjustment					(19,406)	175,661	156,255	-
Net position, beginning of year, as restated					14,752,462	30,915,682	45,668,144	1,174,524
NET POSITION, END OF YEAR					$ 13,825,705	$ 37,723,408	$ 51,549,113	$ 1,229,929

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

City of Ishpeming, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2025

	General Fund	Special Revenue: Major Street Fund	Special Revenue: Local Street Fund	Capital Projects: Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 394,622	$ 543,959	$ 573,098	$ -	$ 1,163,861	$ 2,675,540
Investments	48,000	-	-	-	950,679	998,679
Accounts receivable, net	82,205	-	-	-	-	82,205
Taxes receivable	1,639,952	-	-	543,650	117,053	2,300,655
Other receivable	26,346	-	-	-	-	26,346
Due from other governments	257,374	127,252	46,729	-	-	431,355
Due from other funds	215,867	-	-	-	-	215,867
Inventory	71,965	-	-	-	-	71,965
Prepaids	96,653	-	-	-	-	96,653
TOTAL ASSETS	2,832,984	671,211	619,827	543,650	2,231,593	6,899,265
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,832,984	$ 671,211	$ 619,827	$ 543,650	$ 2,231,593	$ 6,899,265
LIABILITIES						
Cash overdrafts	$ -	$ -	$ -	$ 57,376	$ -	$ 57,376
Accounts payable	136,203	1,054	7,054	8,448	-	152,759
Due to component unit	335,225	-	-	-	-	335,225
Accrued payroll and related	100,498	17,224	6,923	-	-	124,645
Accrued sick and vacation leave	-	-	-	-	-	-
Due to other funds	-	-	-	-	215,867	215,867
Unearned revenue	-	-	-	-	-	-
Advance to other funds	206,246					206,246
TOTAL LIABILITIES	778,172	18,278	13,977	65,824	215,867	1,092,118
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	1,840,629	-	-	609,932	132,074	2,582,635
Unavailable revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,840,629	-	-	609,932	132,074	2,582,635
FUND BALANCE						
Non-spendable	168,618	-	-	-	988,983	1,157,601
Restricted	-	652,933	605,850	(132,106)	760,089	1,886,766
Committed	-	-	-	-	-	-
Assigned	960	-	-	-	134,580	135,540
Unassigned	44,605	-	-	-	-	44,605
TOTAL FUND BALANCE	214,183	652,933	605,850	(132,106)	1,883,652	3,224,512
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 2,832,984	$ 671,211	$ 619,827	$ 543,650	$ 2,231,593	$ 6,899,265

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, 2025

Total Fund Balances for Governmental Funds		$ 3,224,512
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	$ 1,503,675	
Other capital assets, net of depreciation	18,047,576	19,551,251
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	762,425	
Police and Fire Retirement System	(2,073,072)	
Deferred outflows of resources related to pension -		
Michigan Municipal Employees' Retirement System	261,547	
Police and Fire Retirement System	618,980	
Employer contributions subsequent to measurement date		
Police and Fire Retirement System	305,976	
Deferred (inflows) of resources related to net pension liability		
Michigan Municipal Employees' Retirement System	(823,288)	
Police and Fire Retirement System	(423,600)	(1,371,032)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase and maintenance of equipment and vehicles, to individual funds. The assets and liabilities of the internal internal service funds are included in governmental activities in the statement of net position, net of capital assets.		
Net position	-	-
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	(216,830)	
Current portion of pension obligation bonds payable	(302,030)	
Current portion of notes and contracts payable	-	
Accrued interest on debt	(42,357)	
Compensated absences	(541,148)	
Long-term bonds payable	(1,863,275)	
Long-term pension obligation bonds payable	(4,586,865)	
Long-term contracts and notes payable	-	
Deferred amounts on bonds	(26,521)	
Deferred gain on refunding	-	(7,579,026)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 13,825,705

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, 2025

	General Fund	Special Revenue: Major Street Fund	Special Revenue: Local Street Fund	Capital Projects: Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$2,008,860	$ -	$ -	$ 599,842	$ 130,308	$ 2,739,010
Federal sources	-	-	-	-	146,057	146,057
State sources	1,320,544	917,338	377,656	150,000	128,183	2,893,721
Licenses and permits	159,382	-	-	-	-	159,382
Charges for service	223,774	-	-	-	14,575	238,349
Interest income and rentals	550,286	31,572	23,737	22,740	31,020	659,355
Contributions	37,900	-	-	48,279	23,727	109,906
Fines and forfeitures	57,473	-	-	-	-	57,473
Other revenues	52,571	4	-	-	-	52,575
TOTAL REVENUES	4,410,790	948,914	401,393	820,861	473,870	7,055,828
EXPENDITURES:						
Current Operations:						
General government	1,376,435	-	-	-	-	1,376,435
Public safety	1,359,752	-	-	-	-	1,359,752
Public works	893,053	1,146,631	684,311	-	-	2,723,995
Community and economic development	103,835	-	-	-	-	103,835
Recreation and culture	847,256	-	-	-	97,857	945,113
Debt service:						
Principal	256,272	22,384	27,946	38,700	170,600	515,902
Interest and fiscal charges	102,668	9,378	11,708	4,671	59,301	187,726
Capital outlay	-	-	-	1,422,509	21,650	1,444,159
TOTAL EXPENDITURES	4,939,271	1,178,393	723,965	1,465,880	349,408	8,656,917
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(528,481)	(229,479)	(322,572)	(645,019)	124,462	(1,601,089)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	15,000	-	100,000	-	161,836	276,836
Transfers (out)	(13,858)	(100,000)	-	(150,376)	(15,000)	(279,234)
TOTAL OTHER FINANCING SOURCES (USES)	1,142	(100,000)	100,000	(150,376)	146,836	(2,398)
CHANGE IN FUND BALANCE	(527,339)	(329,479)	(222,572)	(795,395)	271,298	(1,603,487)
Fund balance, beginning of year, as restated	741,522	982,412	828,422	663,289	1,612,354	4,827,999
FUND BALANCE, END OF YEAR	$ 214,183	$ 652,933	$ 605,850	$ (132,106)	$ 1,883,652	$ 3,224,512

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, 2025

Net Change in Fund Balances - Total Governmental Funds		$ (1,603,487)
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 (including NBV of Brasswire Campground $282,717)	$ 1,803,285	
Depreciation expense	(1,092,399)	
Net book value of disposed assets	-	710,886
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.		515,902
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		3,397
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
Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Building, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.		
Change in net position		-
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension liability expense	(305,714)	
Pension liability expense - Fire-Police Retirement	(50,421)	
Compensated absences	(201,741)	(557,876)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (926,757)

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

City of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

December 31, 2025

	Business-type Activities Enterprise Funds				
	Major			Non-major	
	Sewer Fund	Water Fund	Garbage & Rubbish Fund	Brasswire Campground Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 3,389,597	$ 1,814,376	$ 607,390	$ -	$ 5,811,363
Investments	55,944	-			55,944
Accounts receivable	403,400	733,697	171,720	-	1,308,817
Allowance for uncollectible accounts	-	-	-	-	-
Due from other funds	-	-			-
Due from other governmental units	-	259,304	-	-	259,304
Prepaids	21,280	18,620	1,995	-	41,895
Non-current Assets:					
Cash and cash equivalents - restricted	413,902	1,841,547	-	-	2,255,449
Investment in Wastewater Treatment Facility	3,589,946	-	-	-	3,589,946
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	13,790,017	14,335,494	-	-	28,125,511
Other capital assets, net of depreciation	4,155,980	12,776,536	-	-	16,932,516
Total Capital Assets	17,945,997	27,112,030	-	-	45,058,027
TOTAL ASSETS	25,923,189	35,390,020	781,105	-	62,094,314
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pension	12,066	42,606	-	-	54,672
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,066	42,606	-	-	54,672
LIABILITIES					
Current Liabilities:					
Cash overdrafts	-	-		-	-
Accounts payable	428,113	1,523,991	107,830	-	2,059,934
Customer deposits payable	-	256,634	25	-	256,659
Accrued payroll and related	8,717	19,341	108	-	28,166
Accrued interest	34,010	39,411	-	-	73,421
Due to other funds	-	-	-	-	-
Non-current Liabilities:					
Portion due or payable within one year					
Revenue bonds	200,000	171,000	-	-	371,000
Pension obligation bonds	64,472	88,498	-	-	152,970
Notes payable	13,868	13,868	-	-	27,736
Compensated absences	-	21,789	-	-	21,789
Advance from other funds	-	-	-	-	-
Portion due or payable after one year					
Revenue bonds	5,601,180	13,197,363	-	-	18,798,543
Pension obligation bonds	979,146	1,343,989	-	-	2,323,135
Notes payable	45,778	45,777	-	-	91,555
Compensated absences	-	859	-	-	859
Advance from other funds	-	-	-	-	-
Net pension liability (asset)	(244,773)	349,979	-	-	105,206
TOTAL LIABILITIES	7,130,511	17,072,499	107,963	-	24,310,973
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pension	24,683	89,922	-	-	114,605
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	24,683	89,922	-	-	114,605
NET POSITION					
Net investment in capital assets	15,675,117	17,191,345	-	-	32,866,462
Restricted:					
Debt service	191,594	1,257,467	-	-	1,449,061
Unrestricted	2,913,350	(178,607)	673,142	-	3,407,885
TOTAL NET POSITION	$ 18,780,061	$ 18,270,205	$ 673,142	$ -	$ 37,723,408

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, 2025

	Business-type Activities Enterprise Funds					Internal Service Funds
	Major			Non-major		
	Sewer Fund	Water Fund	Garbage & Rubbish Fund	Brasswire Campground Fund	Total	Motor Pool Fund
OPERATING REVENUES:						
Rentals	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	1,968,078	2,841,725	945,247	17,400	5,772,450	-
Other operating revenue	163	(1,223)	11,709	-	10,649	-
TOTAL OPERATING REVENUES	1,968,241	2,840,502	956,956	17,400	5,783,099	-
OPERATING EXPENSES:						
Personal services	361,854	799,833	26,802	3,065	1,191,554	-
Contractual services	859,880	903,294	800,348	286	2,563,808	-
Supplies	68,082	119,331	2,339	7,130	196,882	-
Utilities	9,906	40,311	4,833	-	55,050	-
Depreciation	492,911	423,836	-	12,292	929,039	-
Equipment rental	64	901	-	30	995	-
Other expenses	50,600	59,915	14,900	863	126,278	-
TOTAL OPERATING EXPENSES	1,843,297	2,347,421	849,222	23,666	5,063,606	-
OPERATING INCOME	124,944	493,081	107,734	(6,266)	719,493	-
NON-OPERATING REVENUES (EXPENSES):						
Interest (expense)	(110,755)	(214,734)	-	-	(325,489)	-
Gain/(loss) on wastewater facility	5,948	-	-	-	5,948	-
Gain/(loss) on sale of assets	-	-	-	-	-	-
Interest income	119,236	70,584	18,519	-	208,339	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	14,429	(144,150)	18,519	-	(111,202)	-
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	139,373	348,931	126,253	(6,266)	608,291	-
Federal sources	-	6,064,724	-	-	6,064,724	-
State sources	-	132,313	-	-	132,313	-
Transfers in	-	-	-	2,398	2,398	-
Transfers (out)	-	-	-	-	-	-
CHANGE IN NET POSITION	139,373	6,545,968	126,253	(3,868)	6,807,726	-
Net position, beginning of year	18,549,065	11,640,199	546,889	3,868	30,740,021	893,118
Prior period adjustement	91,623	84,038	-	-	175,661	(893,118)
Net position, beginning of year, as restated	18,640,688	11,724,237	546,889	3,868	30,915,682	-
NET POSITION, END OF YEAR	$ 18,780,061	$ 18,270,205	$ 673,142	$ -	$ 37,723,408	$ -

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, 2025

	Business-type Activities Enterprise Funds					Internal Service Funds
	Major			Non-Major		
	Sewer Fund	Water Fund	Garbage & Rubbish Fund	Brasswire Campground Fund	Total	Motor Pool Fund
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from fees and charges for services	$ 1,990,396	$ 2,730,780	$ 916,889	$ 17,400	$ 5,655,465	$ -
Other operating revenues	163	(22,998)	11,709	-	(11,126)	-
Cash payments to employees for services	(326,116)	(736,859)	(26,731)	(3,065)	(1,092,771)	-
Cash payments to suppliers for goods and services	(3,112,305)	(758,986)	(744,303)	(38,870)	(4,654,464)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,447,862)	1,211,937	157,564	(24,535)	(102,896)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in cash overdraft	-	-	-	(54,334)	(54,334)	-
(Increase) decrease in due from/advance to other funds	-	-	-	-	-	-
Increase (decrease) in due to/advance from other funds	-	-	-	(206,246)	(206,246)	-
Transfers in (out)	-	-	-	2,398	2,398	-
Principal on pension obligation bonds	(63,055)	(86,553)	-	-	(149,608)	-
Interest on pension obligation bonds	(26,416)	(36,261)	-	-	(62,677)	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(89,471)	(122,814)	-	(258,182)	(470,467)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments on debt	(13,226)	(181,226)	-	-	(194,452)	-
Interest paid on debt	(61,217)	(160,358)	-	-	(221,575)	-
Proceeds from borrowing	4,196,877	5,586,363	-	-	9,783,240	-
Cash payments for capital assets	(2,152,942)	(11,913,682)	-	-	(14,066,624)	-
Proceeds sale of capital assets	-	-	-	282,717	282,717	-
Proceeds from federal and state grants for capital assets	-	5,965,356	-	-	5,965,356	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,969,492	(703,547)	-	282,717	1,548,662	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Increase) decrease in investments	-	-	-	-	-	-
Investment income	119,236	70,584	18,519	-	208,339	-
(Increase) decrease in restricted assets	(357,902)	(847,457)		-	(1,205,359)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(238,666)	(776,873)	18,519	-	(997,020)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	193,493	(391,297)	176,083	-	(21,721)	-
Cash and cash equivalents, beginning of year	3,196,104	2,205,673	431,307	-	5,833,084	26,115
Prior period adjustment	-	-	-	-	-	(26,115)
Cash and cash equivalents, beginning of year, as restated	3,196,104	2,205,673	431,307	-	5,833,084	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,389,597	$ 1,814,376	$ 607,390	$ -	$ 5,811,363	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	$ 124,944	$ 493,081	$ 107,734	$ (6,266)	$ 719,493	$ -
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	492,911	423,836	-	12,292	929,039	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable, net	22,318	(110,945)	(18,518)	-	(107,145)	-
(Increase) decrease in due from other governmental units	-	(21,775)	-	-	(21,775)	-
(Increase) decrease in prepaid	(946)	(828)	(89)	-	(1,863)	-
Increase (decrease) in accounts payable	(2,122,827)	331,246	78,206	(30,561)	(1,743,936)	-
Increase (decrease) in customer deposits payable	-	34,348	-	-	34,348	-
Increase (decrease) in accrued payroll	6,526	10,721	71	-	17,318	-
Increase (decrease) in accrued sick and vacation	-	(10,671)	-	-	(10,671)	-
Increase (decrease) in net pension liability and related	29,212	62,924	-	-	92,136	-
Increase (decrease) in unavailable revenue	-	-	(9,840)	-	(9,840)	-
NET ADJUSTMENTS	(1,572,806)	718,856	49,830	(18,269)	(822,389)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,447,862)	$ 1,211,937	$ 157,564	$ (24,535)	$ (102,896)	$ -
Non-cash Items:						
Due from the State for draw downs on SRF projects	$ -	$ 237,529	$ -	$ -	$ 237,529	$ -
Due from the State for DWAM project	-	-	-	-	-	-
Property and equipment included in outstanding payables	-	1,101,714	-	-	1,101,714	-

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

City of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENTS OF FIDUCIARY NET POSITION

December 31, 2025

	Pension Trust Fund	Custodial Funds	
	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund
ASSETS			
Cash and equivalents	$ 133,101	$ 37,319	$ 547,630
Investments	5,916,581	-	-
Taxes receivable	284,049	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
TOTAL ASSETS	6,333,731	37,319	547,630
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Accounts payable	14,000	-	38
Due to others	-	37,220	-
Due to other governmental units	-	-	547,592
TOTAL LIABILITIES	14,000	37,220	547,630
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for a subsequent period	318,728	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	318,728	-	-
NET POSITION			
Restricted for:			
Pensions	6,001,003	-	-
Individuals, organizations, and other governments	-	99	-
Property tax collections for other governments	-	-	-
TOTAL NET POSITION	$ 6,001,003	$ 99	$ -

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, 2025

	Pension Trust Fund	Custodial Funds	
	Police Pension Trust Fund	Trust & Agency Fund	Tax Collection Fund
ADDITIONS:			
Contributions:			
Taxes	$ 305,976	$ -	$ -
Employer	-	-	-
Employee	46,904	-	-
Gifts, bequests and endowments	-	-	-
Total Contributions	352,880	-	-
Investment Income:			
Net appreciation (depreciation) in fair value of investments	723,583	-	-
Interest and dividends	266,085	99	-
Administrative expense	(25,000)	-	-
Net Investment Income (Loss)	964,668	99	-
Other Additions:			
Collections for individuals, organizations, and other governments	-	35,296	-
Property tax collections for other governments	-	-	5,041,216
Total Other Additions	-	35,296	5,041,216
TOTAL ADDITIONS	1,317,548	35,395	5,041,216
DEDUCTIONS:			
Benefits and annuity withdrawals	502,836	-	-
Refunds of contributions	-	-	-
Other expenditures	20,592	-	-
Payments to individuals, organizations, and other governments	-	35,296	-
Payments of property tax collections for other governments	-	-	5,041,216
TOTAL DEDUCTIONS	523,428	35,296	5,041,216
CHANGE IN NET POSITION	794,120	99	-
Net position, beginning of year	5,206,883	-	-
NET POSITION, END OF YEAR	$ 6,001,003	$ 99	$ -

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

REPORTING ENTITY

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

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

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

BLENDED COMPONENT UNITS

Governmental Fund Type

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

Governmental Fund Type

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

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

RELATED ORGANIZATIONS

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

Summary financial information as of and for the fiscal year ended December 31, 2025, is as follows:

Total Assets	$2,912,570
Total Liabilities	221,296
Total Net Position	2,691,274
Total Operating Revenues	1,110,075
Total Operating Expenses	(1,169,625)
Total Non-Operating Revenues (expenses)	5,972
Capital Grant Contributions	408,557
Net Increase (Decrease) in Net Position	354,979

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

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 **Garbage & Rubbish Fund** accounts for the activities related to garbage and refuse collection 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 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. Deprecation 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):

	Depreciation Life
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.

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

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

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, 2025 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.

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.

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

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.

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.

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

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.

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.

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

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 29, 2026, 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:

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	$8,429,527	$-	$662,827	$9,092,354
Restricted	2,255,449	718,050	-	2,973,499
TOTAL	$10,684,976	$718,050	$662,827	$12,065,853
Investments:				
Unrestricted	$1,054,623	$-	$17,882	$1,072,505
Restricted	-	5,916,581	-	5,916,581
TOTAL	$1,054,623	$5,916,581	$17,882	$6,989,086

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, 2025, the carrying amount of the City's deposits with financial institutions was $12,065,853 and the bank balance was $11,870,659, of which, $8,244,763 or approximately 69% 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	$8,244,763
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	3,625,896
TOTAL REPORTING ENTITY	$11,870,659

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, 2025, the City had the following investments:

NOTE C – INVESTMENTS (Continued):

	Level	Fair Value	Investment Maturity (in Years) Less Than 1	1-5	6-10	More Than 10
PRIMARY GOVERNMENT:						
CDs and money market	2	$1,039,246	$940,684	$98,562	$-	$-
U.S. Government Agencies	1	15,377	-	15,377	-	-
U.S. Treasury Bonds	1	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT		$1,054,623	$940,684	$113,939	$-	$-
FIDUCIARY FUNDS:						
Mutual Equity Funds	1	$3,393,846	$-	$-	$-	$3,393,846
Mutual Equity Index Funds	1	2,522,735	-	-	-	2,522,735
TOTAL FIDUCIARY		$5,916,581	$-	$-	$-	$5,916,581
COMPONENT UNIT:						
CDs and money market	2	$17,882	$17,882	$-	$-	$-
TOTAL COMPONENT UNIT		$17,882	$17,882	$-	$-	$-

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

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

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

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

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

NOTE D – 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	$2,300,655	$-	$2,300,655
Accounts receivable	82,205	-	82,205
Utilities receivable	-	1,308,817	1,308,817
Other receivables	26,346	-	26,346
Due from other government units	431,355	259,304	690,659
Total	$2,840,561	$1,568,121	$4,408,682

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, 2025 is $335,225.

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.

At the end of fiscal year 2025 the Brasswire Campground Fund was absorbed by the General Fund. Accordingly, the advances from the Sewer Fund and Water Fund were transferred to the General Fund.

The advances are scheduled to be paid off in fiscal year 2033. The outstanding balances as of December 31, 2025 are $103,123 for the Sewer Fund and $103,123 for the Water Fund, respectively.

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

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

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

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

Fund	Due From	Fund	Due To
		Perpetual Care Fund	$190,560
		Cemetery Care Fund	25,307
General Fund	$215,867	Total	$215,867

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:

Transfers In		Transfers Out	
General Fund	$15,000	Perpetual Care Fund	$15,000
Local Street Fund	100,000	Major Street Fund	100,000
Building Authority Fund	144,376		
Senior Center Fund	6,000		
Subtotal	150,376	Public Improvement	150,376
Teal Lake Recreation	5,460		
Library State Aid	6,000		
Brasswire Campground	2,398		
Subtotal	13,858	General Fund	13,858
Total	$279,234	Total	$279,234

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, 2025	
	Required Balance	Actual Balance
I. Construction accounts		
These accounts are used to receive loan/grant proceeds and pay construction costs.		
a. 2024 Water Supply System Revenue Bond	$-	$2,000

NOTE G – RESTRICTED ASSETS (Continued):

	December 31, 2025	
	Required Balance	Actual Balance
II. Bond payment accounts		
These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.		
a. 2017 Water Supply System Revenue Bond, ½ of interest due on next payment and not less than ¼ of the principal due the next year.	$62,800	$280,000
b. 2023 Sewage Disposal System Revenue Bond, the amount set aside each month for interest on the Bonds shall be $^1/_6$ of the total interest and $^1/_{12}$ of the principal coming due on the next payment.	78,224	300,532
c. 2024 Water Supply System Revenue Bond, ½ of the interest due on the next payment and not less than ¼ of the principal due the next year.	19,120	300,000
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.	277,200	336,000
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.	293,081	318,281
b. 2023 Sewage Disposal System Revenue Bond, such additional funds as the City may deem advisable.	113,370	113,370
c. 2024 Water Supply System Revenue Bond, such additional funds as the City may deem advisable.	63,000	63,000

NOTE G – RESTRICTED ASSETS (Continued):

	December 31, 2025	
	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	$542,266	$542,266
Total	$1,449,061	$2,255,449
Sewer	191,594	413,902
Water	1,257,467	1,841,547
Total	$1,449,061	$2,255,449

NOTE H – CAPITAL ASSETS:

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

	Balance at 12/31/2024	Additions	Deductions	Transfers	Balance at 12/31/2025
GOVERNMENTAL ACTIVITIES:					
Assets not being depreciated:					
Land	$1,280,750	$-	$-	$-	$1,280,750
Historical treasurers	135,275	-	-	-	135,275
Construction in progress	259,360	46,922	(218,632)	-	87,650
Subtotal	1,675,385	46,922	(218,632)	-	1,503,675
Assets being depreciated:					
Land improvements	3,721,736	347,459	-	307,301	4,376,496
Buildings & improvements	14,374,341	-	-	-	14,374,341
Equipment & vehicles	6,855,498	240,703	-	(686,752)	6,409,449
Infrastructure	11,762,711	1,104,116	-	-	12,866,827
Subtotal	36,714,286	1,692,278	-	(379,451)	38,027,113
Total Capital Assets	38,389,671	1,739,200	(218,632)	(379,451)	39,530,788
Less accumulated depreciation:					
Land improvements	(1,114,845)	(123,952)	-	(24,584)	(1,263,381)
Buildings & improvements	(9,385,316)	(254,022)	-	-	(9,639,338)
Equipment & vehicles	(5,066,760)	(322,054)	-	361,810	(5,027,004)
Infrastructure	(3,657,443)	(392,371)	-	-	(4,049,814)
Total Accumulated Depreciation	(19,224,364)	(1,092,399)	-	337,226	(19,979,537)
CAPITAL ASSETS, NET	$19,165,307	$646,801	($218,632)	($42,225)	$19,551,251

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	$499,655
Public Safety	174,102
Public Works	295,238
Recreation and Culture	123,404
Total Depreciation Expense	$1,092,399

Construction in Progress

As of December 31, 2025, total construction in progress governmental type activities amounted to $87,650, include the following:

Cemetery Columbarium, $33,544; the City began construction on a new Columbarium at the Cemetery. The projects are expected to completed in the next fiscal year.

City Hall Broiler, $32,722; the City began repairs on the broilers at City Hall. The project is expected to be completed in the next fiscal year.

Al Quaal Lodge, $14,200; the City is in the preliminary stages of reviewing potential repairs and renovations at the lodge at Al Quaal park.

Various Engineering, $7,184.

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

	Balance at 12/31/2024	Additions	Deductions	Transfers	Balance at 12/31/2025
BUSINESS-TYPE ACTIVITIES:					
Assets not being depreciated:					
Land	$10,888	$-	$-	$-	$10,888
Construction in progress	14,142,565	13,972,058	-	-	28,114,623
Subtotal	14,153,453	13,972,058	-	-	28,125,511
Assets being depreciated:					
Land improvements	307,301	-	-	(307,301)	-
Buildings & improvements	68,793	-	-	-	68,793
Equipment & vehicles	475,260	694,644	(335,508)	686,752	1,521,148
Sewer system	17,115,717	105,200	-	-	17,220,917
Water system	16,456,756	396,436	-	-	16,853,192
Subtotal	34,423,827	1,196,280	(335,508)	379,451	35,664,050
Total Capital Assets	48,577,280	15,168,338	(335,508)	379,451	63,789,561
Less accumulated depreciation:					
Land improvements	(12,292)	(12,292)	-	24,584	(-)
Buildings & improvements	(51,513)	(1,728)	-	-	(53,241)
Equipment & vehicles	(358,099)	(98,319)	335,508	(361,810)	(482,720)
Sewer system	(13,183,626)	(427,743)	-	-	(13,611,369)
Water system	(4,195,247)	(388,957)	-	-	(4,584,204)
Total Accumulated Depreciation	(17,800,777)	(929,039)	335,508	(337,226)	(18,731,534)
CAPITAL ASSETS, NET	$30,776,503	$14,239,299	$-	$42,225	$45,058,027

NOTE H – CAPITAL ASSETS (Continued):

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

Business-type Activities:	
Sewer	$492,911
Water	423,836
Brasswire Campground	12,292
Total Depreciation Expense	$929,039

Construction in Progress

As of December 31, 2025, total construction in progress costs incurred amounted to $28,114,623 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 $13,790,017.

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 $485,618.

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 $13,366,894.

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

	Balance at 12/31/2024	Additions	Deductions	Balance at 12/31/2025
COMPONENT UNIT:				
Capital assets being depreciated:				
Land improvements	$139,829	$-	$-	$139,829
Infrastructure	2,169,572	-	-	2,169,572
Total Capital Assets	2,309,401	-	-	2,309,401
Less accumulated depreciation:				
Land improvements	(70,719)	(7,947)	-	(78,666)
Infrastructure	(1,063,579)	(105,471)	-	(1,169,050)
Total Accumulated Depreciation	(1,134,298)	(113,418)	-	(1,247,716)
CAPITAL ASSETS, NET	$1,175,103	($113,418)	$-	$1,061,685

NOTE H – CAPITAL ASSETS (Continued):

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

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

NOTE I – LONG -TERM DEBT:

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

	Balance at 12/31/2024	Additions	Deductions	Balance at 12/31/2025	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Building Authority Bonds, Series 2015. Payable semi-annually including interest of 3.25% per annum.	$1,121,000	$-	($37,000)	$1,084,000	$38,000
Building Authority Bonds, Series 2016. Payable semi-annually including interest of 3.125% per annum.	198,000	-	(7,000)	191,000	7,000
General Obligation Unlimited Tax Bonds, Series 2017. Payable semi-annually including interest of 3.00% to 3.125% per annum.	385,000	-	(75,000)	310,000	75,000
2021 Limited Tax General Obligation Refunding Bonds. Payable semi-annually including interest of 2.00% per annum.	585,405	-	(90,300)	495,105	96,830
Limited Tax General Obligation Bonds, Series 2021. Payable semi-annually including interest of 0.27% to 3.16% per annum.	5,184,287	-	(295,392)	4,888,895	302,030
2020 Chevy Silverado 4500 Lease. Payable annually including interest of 4.456%	11,210	-	(11,210)	-	-
Subtotal	7,484,902	-	(515,902)	6,969,000	518,860
Plus: Premium on bonds	30,942	-	(4,421)	26,521	-
Subtotal	30,942	-	(4,421)	26,521	-
Compensated absences	339,407	201,741	-	541,148	280,902
TOTAL GOVERNMENTAL ACTIVITIES	$7,855,251	$201,741	($520,323)	$7,536,669	$799,762

NOTE I – LONG -TERM DEBT (Continued):

	Balance at 12/31/2024	Additions	Deductions	Balance at 12/31/2025	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
Water Revenue Bonds, Series 2017. Payable semi-annually beginning June 1, 2018 including interest of 2.125%	$7,900,000	$-	($168,000)	$7,732,000	$171,000
Limited Tax General Obligation Bonds, Series 2021. Payable semi-annually including interest of 0.27% to 3.16% per annum.	2,625,713	-	(149,608)	2,476,105	152,970
Sewer Revenue Bonds, Series 2023. Payable semi-annually including interest of 1.875% per annum.	4,151,645	1,649,535	-	5,801,180	200,000
Water Revenue Bonds, Series 2024. Payable semi-annually including interest of 2.000% per annum.	50,000	5,586,363	-	5,636,363	-
2018 Hitachi Excavator Lease. Payable annually including interest rate of 4.75%	145,743	-	(26,452)	119,291	27,736
SUBTOTAL	14,873,101	7,235,898	(344,060)	21,764,939	551,706
Compensated absences	33,319	-	(10,671)	22,648	21,789
TOTAL BUSINESS-TYPE ACTIVITIES	$14,906,420	$7,235,898	($354,731)	$21,787,587	$573,495

	Balance at 12/31/2024	Additions	Deductions	Balance at 12/31/2025	Due Within One Year
COMPONENT UNIT:					
2021 Limited Tax General Obligation Refunding Bonds. Payable semi-annually including interest of 2.00% per annum.	$804,595	$-	($124,700)	$679,895	$133,170
SUBTOTAL	804,595	-	(124,700)	679,895	133,170
Plus: Premium on bonds	40,176	-	(5,739)	34,437	-
TOTAL COMPONENT UNIT	$844,771	$-	($130,439)	$714,332	$133,170

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

NOTE I – LONG -TERM DEBT (Continued):

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, 2025, $262,000 of the 2000 Building Authority Bonds outstanding are considered defeased. On December 31, 2025, $33,000 of the 2002 Building Authority Bonds outstanding are considered defeased. On December 31, 2025, $930,000 of the 2011 Capital Improvement Bonds outstanding are considered defeased.

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

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

	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$518,860	$178,206	$551,706	$638,958	$133,170	$12,275
2027	525,283	167,850	893,637	624,647	136,065	9,583
2028	543,131	156,554	912,509	606,304	141,855	6,803
2029	547,560	144,394	935,352	587,270	136,064	4,024
2030	474,521	132,906	915,738	567,631	132,741	1,332
2031-2035	2,029,475	511,418	4,894,525	2,544,977	-	-
2036-2040	1,926,170	200,783	5,223,829	1,996,927	-	-
2041-2045	404,000	39,782	4,880,000	1,487,721	-	-
2046-2050	-	-	5,411,000	945,545	-	-
2051-2055	-	-	5,962,000	365,917	-	-
2056-2060	-	-	1,237,000	12,970	-	-
2061-2065	-	-	-	-	-	-
Totals	$6,696,000	$1,531,893	31,817,296	10,378,867	$679,895	$34,017
Amount of SRF funds available at 12/31/2025:						
2023 Sewage Disposal System			(2,223,820)	(2,466,985)		
2024 Water Supply System			(7,828,537)	(4,637,346)		
			$21,764,939	$3,274,536		

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.

NOTE I – LONG -TERM DEBT (Continued):

As of December 31, 2025, the City had drawn $5,801,180 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, 2025, the City had drawn $5,636,363 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:

	Current	Long-Term	Total
Governmental Activities:			
Sick	$182,663	$148,863	$331,526
Vacation	82,889	64,699	147,588
Compensatory	15,350	46,684	62,034
Subtotal	280,902	260,246	541,148
Business-type Activities:			
Sick	11,031	859	11,890
Vacation	10,758	-	10,758
Compensatory	-	-	-
Subtotal	21,789	859	22,648
GRAND TOTAL	$302,691	$261,105	$563,796

NOTE K – TAXES LEVIED FOR A SUBSEQUENT PERIOD:

Property taxes levied on December 1, 2025, 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		$1,840,629
Public Improvement Fund		609,932
Fire Fund		132,074
	TOTAL	$2,582,635
Fiduciary:		
Pension Trust Fund		$318,728
Component Unit:		
DDA Fund		$354,293

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, 2025, 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		$71,965	$-	$-	$-	$71,965
Prepaids		96,653	-	-	-	96,653
Corpus		-	-	-	988,983	988,983
	Subtotal	168,618	-	-	988,983	1,157,601

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

	General Fund	Major Special Revenue Funds	Major Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Restricted:					
Transportation Funds	$-	$1,258,783	$-	$-	$1,258,783
Public Improvement Levy	-	-	(132,106)	-	(132,106)
Fire Equipment Levy	-	-	-	247,175	247,175
Firefighter Longevity	-	-	-	215,120	215,120
Teal Lake RPG Fund	-	-	-	-	-
Partridge Creek Compost	-	-	-	-	-
Senior Center	-	-	-	10,340	10,340
Library State Aid	-	-	-	584	584
Cemetery	-	-	-	286,870	286,870
Subtotal	-	1,258,783	(132,106)	760,089	1,886,766
Committed	-	-	-	-	-
Assigned:					
Building Authority	-	-	-	22,149	22,149
Senior Center	-	-	-	43,345	43,345
Lake Bancroft	-	-	-	6,247	6,247
Carnegie Library	-	-	-	62,839	62,839
Welcome baskets	960	-	-	-	960
Subtotal	960	-	-	134,580	135,540
Unassigned	44,605	-	-	-	44,605
Total fund balances	$214,183	$1,258,783	($132,106)	$1,883,652	$3,224,512

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, 2024).

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

NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):

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

	2024 Valuation	
	01 – Cl & 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)

	2024 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, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	46
Inactive employees entitled to but not yet receiving:	3
Active employees:	16
Total*	65

*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.

NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):

The contribution rates as a percentage of payroll as December 31, 2024 are as follows:

Division	Employer Contribution ($/month)	Employee Contribution
01 – CI & Pub Wks	$29,223	5.43%
10 – Supervisory	3,534	7.51%
11 – Union/Supervisor	3,888	9.70%

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2025, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as December 31, 2024.

Actuarial assumptions

The total pension liability in the December 31, 2024, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%
Salary Increases:	3.00% 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 2019-2023.

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 Gross Rate of Return	Long-Term Gross Return Contribution	Price Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.66%	0.93%	2.50%	0.43%
Private Investments	20.0%	9.00%	1.80%	2.50%	1.30%
	100.0%		6.93%		4.43%

NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):

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.

Changes in Net Pension Liability

Calculating the Net Pension Liability

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Benefit) (a) – (b)
Balances at 12/31/2024	$20,070,491	$19,437,989	$632,502
Changes for the Year			
Service Cost	172,600	-	172,600
Interest on Total Pension Liability	1,398,223	-	1,398,223
Changes in benefits	-	-	-
Difference between expected and actual experience	632,438	-	632,438
Change in assumptions	(98,273)	-	(98,273)
Employer Contributions	-	308,352	(308,352)
Employee Contributions	-	65,557	(65,557)
Net Investment Income	-	2,946,260	(2,946,260)
Benefit payments, including employee refunds	(1,365,843)	(1,365,843)	-
Administrative expense	-	(38,801)	38,801
Other changes	(113,342)	(1)	(113,341)
Net Changes	625,803	1,915,524	(1,289,721)
Balances at 12/31/2025	$20,696,294	$21,353,513	($657,219)

Net Pension Liability (NPL):	
MERS – Primary Government	($657,219)
Police-Fire – Primary Government (see Note N)	2,073,072
NPL reported in the Statement of Net Position	$1,415,853

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.

NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):

	December 31, 2025		
	1% Decrease 6.18%	Current Discount Rate 7.18%	1% Increase 8.18%
Net Pension Liability / (Benefit)	$1,783,542	($657,219)	($2,685,731)

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

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

For the year ended 2025 the employer recognized pension expense of $397,850. 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	$316,219	$-
Difference in assumptions	-	(49,136)
Excess / (Deficit) Investment Returns	-	(888,757)
Total	$316,219	($937,893)

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

Fiscal Year Ended December 31,	Amount
2026	$498,514
2027	(468,891)
2028	(333,773)
2029	(317,524)
2030	-
Thereafter	-
Total	($621,674)

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	$316,219	($937,893)
Police-Fire – Primary Government (see Note N)	618,980	(423,600)
Total	$935,199	($1,361,493)
Contributions subsequent to the measurement date:		
Police-Fire – Primary Government (see Note N)	$305,976	

NOTE M – DEFINED BENEFIT PENSION PLAN (Continued):

Payable to the Pension Plan

At December 31, 2025, there was a reported payable of $0 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:

	2024 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, 2024 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:	12
Total	36

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.

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

The contribution rates as a percentage of payroll as December 31, 2024 are as follows: employer 42.52% and employee 5.00%.

There were no contributions requirements for closed divisions.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2024, 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, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.0%

Salary Increases: 3.0% - 6.8% including inflation

Investment rate of return: 6.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 2.75%.

Mortality rates used were based on the Pub-2010 Employee Mortality Tables, Pub-2010 Healthy Annuitant Mortality Table, and Pub-2010 Disabled Mortality Tables adjusted backwards to 2010 with the MP-2021 scale. A base year of 2010 with future mortality improvements using scale MP-2021 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, 2024. 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, 2024, these best estimates are summarized in the following table:

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

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%
Domestic Corporate Fixed Income	43.47%	2.67%
Domestic Government Fixed Income	21.73%	2.29%
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	41,976.4360 units	$539,397
Doubleline Core Fixed	57,643.5970 units	538,968
GMO Quality	11,501.7260 units	400,950
Pimco Rae US Instl	24,432.0030 units	333,253

Discount Rate

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 4.08%. 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 2124. As a result, the long-term expected rate of return on pension

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

plan investments was applied to projected benefit payments through the year 2124, and the municipal bond rate was applied to all benefit payments after that date.

Changes in Net Pension Liability

Calculating the Net Pension Liability

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2023	$7,055,850	$4,877,021	$2,178,829
Changes for the Year			
Service Cost	191,693	-	191,693
Interest on Total Pension Liability	465,492	-	465,492
Changes in benefits	-	-	-
Difference between expected and actual experience	77,975	-	77,975
Change in assumptions	-	-	-
Employer Contributions	-	342,966	(342,966)
Employee Contributions	-	37,515	(37,515)
Net Investment Income	-	460,435	(460,435)
Benefit payments, including employee refunds	(511,055)	(511,055)	-
Administrative expense	-	-	-
Other changes	(1)	-	(1)
Net Changes	224,104	329,861	(105,757)
Balances at 12/31/2024	$7,279,954	$5,206,882	$2,073,072

Note: Based on December 31, 2024 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 12/31/2024	$2,869,942	$2,073,072	$1,147,441

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 ($50,421) 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	$97,431	($15,616)
Difference in assumptions	28,370	-
Excess (Deficit) Investment Returns	493,179	(407,984)
Subtotal	618,980	($423,600)
Contributions subsequent to the measurement date*	305,976	
Total	$924,956	

*****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 2025.

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
2025 (2026)	$135,579
2026 (2027)	174,245
2027 (2028)	(94,960)
2028 (2029)	(19,484)
2029 (2030)	-
Thereafter	-
Total	$195,380

Payable to the Pension Plan

At December 31, 2025, there was a reported payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2025.

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, 2025, are as follows:

Total pension liability	$7,279,954	*
Plan fiduciary net position	5,206,882	*
City's net pension liability	$2,073,072	*
Plan fiduciary net position as a percentage of the total pension liability	71.52%	*

*As of December 31, 2024, 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, 2025, the City's contributions totaled approximately $35,486.

NOTE R – PROPERTY TAXES:

The City of Ishpeming levied 12.8682 mills for the General Fund, 4.2891 mills for the Public Improvement Fund, 0.8613 mills for Fire Equipment, and 2.2417 mills for the Policemen and Firemen Retirement Fund for calendar year 2025. The millage rate is based on each $1,000.00 of property assessed valuation and the current Taxable Value of the City is $159,810,918.

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, 2025 is as follows:

Assets	$4,901,048
Deferred Outflows of Resources	-
Liabilities	3,066
Deferred Inflows of Resources	450,784
Net Position	4,447,198
Operating Revenues	601,740
Operating Expenses	(308,729)

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, 2025, is as follows:

Assets	$5,582,009
Deferred Outflows of Resources	41,115
Liabilities	11,646
Deferred Inflows of Resources	170,659
Equity - All local units	5,440,819
Operating Revenues	1,655,497
Operating Expenses	(1,931,885)
Non-operating revenues (expenses)	132,348
Increase (decrease) in net position	(144,040)
City’s Share of Net Income (loss)	5,498

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, 2025 is as follows:

Assets	$25,968,212
Deferred Outflows of Resources	307,981
Liabilities	11,678,043
Deferred Inflows of Resources	59,903
Net Position	14,538,247
Operating Revenues	7,378,594
Operating Expenses	(5,767,012)
Non-operating Revenues (Expenses)	134,419
Net Income (Loss)	1,746,001

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, 2025 is as follows:

Total Assets	$3,459,651
Total Liabilities	117,739
Total Net Position	3,341,912
Total Operating Revenues	1,033,663
Total Operating Expenses	(754,054)
Non-operating Revenues (Expense)	117,573
Increase (decrease) in net position	397,182

The balance of the investment in Board for the year ended December 31, 2025 of $3,507,323 represents the City's net investment in the Board.

NOTE U – CONTINGENT LIABILITIES:

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

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

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

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

NOTE V – TAX ABATEMENTS:

The City receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield exemptions, Neighborhood Enterprise Zone (NEZ) exemptions, Obsolete 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, 2025, 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, 2025, the Federal aid received and expended by the City was more than the single audit threshold of $1,000,000; 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

None.

Other Recently Issued Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures.* GASB 102 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. 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. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. This statement is effective for periods beginning after June 15, 2024. The City does not have activities that meet the criteria for GASB 102; therefore, this statement is not applicable to the City.

NOTE Y – FUND BALANCE/NET POSITION RESTATEMENT:

Motor Pool Fund Closure

The City Council approved the closure of the Motor Pool Fund, an internal service fund, effective December 31, 2024. The majority of the assets held in the Motor Pool Fund are used for general governmental purposes such as Major Street and Local Street. However, as part of the asset review, it was noted that there were some assets that were held in the Motor Pool Fund that are primarily used by the Sewer and Water Fund. As such, those assets and any debt associated with those assets were split between the Sewer Fund and Water Fund.

Asset Transfer

As part of the City's asset review, an asset previously reported in governmental activities was identified by City staff as being primarily utilized by the Sewer and Water funds. Accordingly, that asset has been reclassified.

Asset capitalization

It was noted that there were some assets that were missed during the 2024 capitalization process.

Debt Adjustment

It was noted that in 2024 the City had made an overpayment on one of the outstanding notes. The debt was no longer considered outstanding as of December 31, 2024, however, this was not properly adjusted in the City's long-term debt for governmental activities. As such, the debt has been removed.

	Governmental Activities			Business-Type Activities		
	General Fund	Motor Pool Fund	TOTAL	Sewer Fund	Water Fund	TOTAL
Fund Balance/Net Position, Beginning of year:						
As reported	$743,494	$893,118	$14,771,868	$18,549,065	$11,640,199	$30,740,021
Prior period adjustments:						
Motor Pool Fund Closure	(1,972)	(893,118)	(160,487)	80,243	80,244	160,487
Asset transfer	-	-	(15,174)	11,380	3,794	15,174
Asset capitalization	-	-	123,742	-	-	-
Debt adjustment	-	-	32,513	-	-	-
Subtotal	(1,972)	(893,118)	(19,406)	91,623	84,038	175,661
	$741,522	$-	$14,752,462	$18,640,688	$11,724,237	$30,915,682

NOTE Z – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a unit of government shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures have been shown on an activity and/or program level. During the year ended December 31, 2025, the City incurred functional expenditures which were in excess of the amounts appropriated as follows:

	Final Budget	Actual	Variance
General Fund:			
General Government – Other General Government	$837,969	$844,254	($6,285)

NOTE Z – BUDGET VIOLATIONS (Continued):

	Final Budget	Actual	Variance
General Fund (Continued):			
Recreation and Culture –			
Brasswire Campground	$-	$282,717	($282,717)
Debt Service –	350,150	358,940	(8,790)
Transfers Out –	6,000	13,858	(7,858)
Major Street Fund:			
Public Works –			
Routine maintenance	169,964	$174,577	(4,613)
Local Street Fund:			
Public Works –			
Routine maintenance	104,870	109,713	(4,843)

NOTE AA – UNRESTRICTED NET POSITION/FUND BALANCE DEFICIT:

In accordance with Public Act 140 of 1970, the City is required to file a deficit elimination plan for all funds that have a deficit at the end of the fiscal year. As of December 31, 2025, 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 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: Public Improvement 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,				
		2025	2024	2023	2022	2021
Change in total pension liability						
Service cost		$ 172,600	$ 152,195	$ 152,317	$ 173,972	$ 199,104
Interest		1,398,223	1,365,137	1,388,964	1,374,792	1,359,912
Change in benefit terms		-	-	-	-	-
Differences between expected and actual experience		632,438	356,205	(157,002)	175,596	(508,231)
Changes in assumptions		(98,273)	149,104	-	729,940	500,120
Benefit payments, including refunds of member contributions		(1,365,843)	(1,323,920)	(1,316,499)	(1,275,445)	(1,220,749)
Other		(113,342)	(227,138)	(209,093)	(78,738)	(94,450)
Net change in total pension liability		625,803	471,583	(141,313)	1,100,117	235,706
Total pension liability, beginning of year		20,070,491	19,598,908	19,740,221	18,640,104	18,404,398
Total pension liability, end of year	(a)	20,696,294	20,070,491	19,598,908	19,740,221	18,640,104
Change in plan fiduciary net position						
Contributions – employer		308,352	220,308	163,032	209,616	9,893,512
Contributions - non-employer contributing entity		-	-	1,776,032	-	-
Contributions – member		65,557	62,505	58,567	99,612	72,853
Net investment income		2,946,260	1,414,223	1,899,833	(2,048,872)	1,621,160
Benefit payments, including refunds of member contributions		(1,365,843)	(1,323,920)	(1,316,499)	(1,275,445)	(1,220,749)
Administrative expense		(38,801)	(41,738)	(39,521)	(35,561)	(17,565)
Other		(1)	1	(1)	(1)	-
Net change in plan fiduciary net position		1,915,524	331,379	2,541,443	(3,050,651)	10,349,211
Plan fiduciary net position, beginning of year		19,437,989	19,106,610	16,565,167	19,615,818	9,266,607
Plan fiduciary net position, end of year	(b)	21,353,513	19,437,989	19,106,610	16,565,167	19,615,818
City's net pension liability, end of year	(a)-(b)	$ (657,219)	$ 632,502	$ 492,298	$ 3,175,054	$ (975,714)
Plan fiduciary net position as a percentage of the total pension liability		103.18%	96.85%	97.49%	83.92%	105.23%
Covered-employee payroll		$ 1,050,110	$ 950,509	$ 940,060	$ 1,175,150	$ 1,321,996
City's net pension liability as a percentage of covered payroll		-62.59%	66.54%	52.37%	270.18%	-73.81%

Notes to schedule:

Benefit Changes:	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*
Changes of Assumptions:	*2025*	*2024*	*NONE*	*2022*	*NONE*

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

2025 - The experience study was updated to cover the period January 1, 2019 through December 31, 2023.

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%

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,				
		2020	2019	2018	2017	2016
Change in total pension liability						
Service cost		$ 235,763	$ 209,452	$ 202,632	$ 200,575	$ 183,436
Interest		1,280,589	1,303,816	1,267,953	1,209,026	1,177,043
Change in benefit terms		-	(138)	(24)	(131)	-
Differences between expected and actual experience		219,561	278,635	42,208	426,449	(240,242)
Changes in assumptions		571,248	-	-	-	805,071
Benefit payments, including refunds of member contributions		(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Other		(62,771)	(110,789)	83,985	(11,304)	(96,136)
Net change in total pension liability		1,100,468	540,912	433,065	810,210	859,379
Total pension liability, beginning of year		17,303,930	16,763,018	16,329,953	15,519,743	14,660,364
Total pension liability, end of year	(a)	18,404,398	17,303,930	16,763,018	16,329,953	15,519,743
Change in plan fiduciary net position						
Contributions – employer		808,559	825,950	601,641	565,838	537,665
Contributions - non-employer contributing entity		-	-	-	-	-
Contributions – member		87,601	99,950	81,803	81,314	141,948
Net investment income		1,064,923	1,028,801	(316,588)	1,019,969	822,998
Benefit payments, including refunds of member contributions		(1,143,922)	(1,140,064)	(1,163,689)	(1,014,405)	(969,793)
Administrative expense		(16,882)	(17,706)	(16,112)	(16,175)	(16,241)
Other		-	-	2	-	-
Net change in plan fiduciary net position		800,279	796,931	(812,943)	636,541	516,577
Plan fiduciary net position, beginning of year		8,466,328	7,669,397	8,482,340	7,845,799	7,329,222
Plan fiduciary net position, end of year	(b)	9,266,607	8,466,328	7,669,397	8,482,340	7,845,799
City's net pension liability, end of year	(a)-(b)	$ 9,137,791	$ 8,837,602	$ 9,093,621	$ 7,847,613	$ 7,673,944
Plan fiduciary net position as a percentage of the total pension liability		50.35%	48.93%	45.75%	51.94%	50.55%
Covered-employee payroll		$ 1,492,241	$ 1,331,729	$ 1,312,420	$ 1,296,057	$ 1,229,890
City's net pension liability as a percentage of covered payroll		612.35%	663.62%	692.89%	605.50%	623.95%
Notes to schedule:						
Benefit Changes:		*NONE*	*NONE*	*NONE*	*NONE*	*NONE*
Changes of Assumptions:		*2020*	*NONE*	*NONE*	*NONE*	*2016*

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

2020 - The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35% effective with the December 31, 2019 valuation, first impacting 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

2016 - Investment rate of return lowered from 8.0% to 7.75%.

City of Ishpeming, Michigan

MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending December 31,	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2025	$ 308,352	$ 308,352	$ -	$ 1,050,110	29.36%
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%

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,				
		2025	2024	2023	2022	2021
Change in total pension liability						
Service cost		Not Available	$ 191,693	$ 149,362	$ 148,540	$ 129,938
Interest		Not Available	465,492	457,935	453,584	448,944
Change in benefit terms		Not Available	-	-	-	-
Differences between expected and actual experience		Not Available	77,975	(19,065)	106,156	(37,577)
Changes in assumptions		Not Available	-	-	81,311	-
Benefit payments, including refunds of member contributions		Not Available	(511,055)	(483,843)	(487,257)	(481,382)
Other changes		Not Available	(1)	-	-	-
Net change in total pension liability		-	224,104	104,389	302,334	59,923
Total pension liability, beginning of year		7,279,954	7,055,850	6,951,461	6,649,127	6,589,204
Total pension liability, end of year	(a)	7,279,954	7,279,954	7,055,850	6,951,461	6,649,127
Change in plan fiduciary net position						
Contributions – employer		305,976	342,966	359,904	306,615	290,002
Contributions – member		46,904	37,515	35,787	30,114	28,723
Net investment income		964,669	467,054	701,480	(867,794)	584,146
Benefit payments, including refunds of member contributions		(502,836)	(511,055)	(483,843)	(487,257)	(481,382)
Administrative expense		(20,592)	(6,619)	(6,477)	(6,461)	(19,133)
Other changes		-	-	-	-	-
Net change in plan fiduciary net position		794,121	329,861	606,851	(1,024,783)	402,356
Plan fiduciary net position, beginning of year		5,206,882	4,877,021	4,270,170	5,294,953	4,892,597
Plan fiduciary net position, end of year	(b)	6,001,003	5,206,882	4,877,021	4,270,170	5,294,953
City's net pension liability, end of year	(a)-(b)	$ 1,278,951	$ 2,073,072	$ 2,178,829	$ 2,681,291	$ 1,354,174
Plan fiduciary net position as a percentage of the total pension liability		82.43%	71.52%	69.12%	61.43%	79.63%
Covered-employee payroll		Not Available	$ 864,047	$ 668,351	$ 658,986	$ 578,977
City's net pension liability as a percentage of covered payroll		Not Available	239.93%	326.00%	406.88%	233.89%

*Actuarial information not available

Notes to Schedules:					
Benefit Changes:	*Not Available*	*NONE*	*NONE*	*NONE*	*NONE*
Changes of Assumptions:	*Not Available*	*2024*	*NONE*	*NONE*	*NONE*

City's net pension liability is based on most recent actuarial valuation date, December 31, 2024.

2024 - Investement rate of return reduced from 7.00% to 6.75%.
- Salary increases reduced from 3.5% - 7.3%, including inflation to 3.0% - 6.8%, including inflation
- Wage inflation reduced from 3.5% to 3.0%

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,				
		2020	2019	2018	2017	2016
Change in total pension liability						
Service cost		$ 131,968	$ 107,651	$ 108,783	$ 106,350	$ 91,455
Interest		452,412	454,476	450,415	440,259	431,723
Change in benefit terms		-	-	-	-	-
Differences between expected and actual experience		(160,861)	(122,404)	(7,962)	68,626	(142,763)
Changes in assumptions		-	-	-	-	178,587
Benefit payments, including refunds of member contributions		(462,717)	(500,023)	(485,291)	(457,439)	(431,579)
Other changes		-	-	-	-	(1)
Net change in total pension liability		(39,198)	(60,300)	65,945	157,796	127,422
Total pension liability, beginning of year		6,628,402	6,688,702	6,622,757	6,464,961	6,337,539
Total pension liability, end of year	(a)	6,589,204	6,628,402	6,688,702	6,622,757	6,464,961
Change in plan fiduciary net position						
Contributions – employer		257,010	229,122	178,625	163,490	188,906
Contributions – member		28,275	24,114	24,981	24,927	26,124
Net investment income		605,412	753,628	(405,208)	561,745	211,257
Benefit payments, including refunds of member contributions		(462,717)	(500,023)	(485,291)	(457,439)	(431,579)
Administrative expense		(18,884)	(18,501)	(19,633)	(11,797)	-
Other changes		-	-	-	-	(1)
Net change in plan fiduciary net position		409,096	488,340	(706,526)	280,926	(5,293)
Plan fiduciary net position, beginning of year		4,483,501	3,995,161	4,701,687	4,420,761	4,426,054
Plan fiduciary net position, end of year	(b)	4,892,597	4,483,501	3,995,161	4,701,687	4,420,761
City's net pension liability, end of year	(a)-(b)	$ 1,696,607	$ 2,144,901	$ 2,693,541	$ 1,921,070	$ 2,044,200
Plan fiduciary net position as a percentage of the total pension liability		74.25%	67.64%	59.73%	70.99%	68.38%
Covered-employee payroll		$ 585,368	$ 515,441	$ 486,037	$ 475,382	$ 424,035
City's net pension liability as a percentage of covered payroll		289.84%	416.13%	554.18%	404.11%	482.08%

*Actuarial information not available

Notes to Schedules:

Benefit Changes:	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*
Changes of Assumptions:	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*

City of Ishpeming, Michigan

POLICE AND FIRE RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2025	$ 301,490 *E*	$ 305,976	$ (4,486)	Not Available	Not Available
2024	342,966	342,966	-	864,047	39.69%
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%

E - Estimate

NOTES TO SCHEDULE OF CONTRIBUTIONS

Fiscal Year: December 31, 2024
Valuation Date: December 31, 2022
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	17 Years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.0% wage inflation; 2.75% price inflation
Salary Increases	3.0% to 6.8% including inflation
Investment Rate of Return	6.75%
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: Pub-2010 Employee Mortality Tables Healthy Post-Retirement: Pub-2010 Healthy Annuitant Mortality Tables Disabled Retirement: Pub-2010 Disabled Mortality Tables Tables described above were adjusted backwards to 2010 with the MP-2021 scale. A base year of 2010 with future mortality improvements using scale MP-2021 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
2025	Not Available
2024	6.50%
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%

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, 2025

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

	2025					
	Budget			Actual		
	Original Budget	Final Budget	Variance with Final Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)	2024
REVENUES:						
Taxes	$ 2,016,728	$ 2,016,728	$ -	$ 2,008,860	$ (7,868)	$ 1,885,001
Special assessments	-	-	-	-	-	-
Licenses and permits	149,000	149,000	-	159,382	10,382	161,259
Federal sources	-	-	-	-	-	35,566
State sources	1,097,877	1,270,284	172,407	1,320,544	50,260	1,139,744
Contributions from local units	20,000	20,000	-	37,900	17,900	-
Charges for services	156,805	219,870	63,065	223,774	3,904	155,285
Fines and forfeitures	64,820	64,820	-	57,473	(7,347)	62,028
Investment income and rentals	32,000	546,528	514,528	550,286	3,758	24,299
Other revenues	18,900	18,900	-	52,571	33,671	74,478
TOTAL REVENUES	3,556,130	4,306,130	750,000	4,410,790	104,660	3,537,660
EXPENDITURES:						
General Government:						
City council	29,584	26,684	2,900	25,312	1,372	32,745
City manager	132,862	141,862	(9,000)	141,338	524	137,336
City clerk	40,104	46,154	(6,050)	46,153	1	42,788
Board of review	4,132	2,332	1,800	1,971	361	2,892
Finance department	115,976	137,276	(21,300)	136,010	1,266	122,383
City assessor	42,858	65,658	(22,800)	65,653	5	64,639
Elections	34,130	8,960	25,170	8,304	656	34,196
City hall and grounds	55,638	83,121	(27,483)	83,096	25	70,491
City attorney	20,849	24,349	(3,500)	24,344	5	25,787
Other general government	548,073	837,969	(289,896)	844,254	(6,285)	630,850
Total General Government	1,024,206	1,374,365	(350,159)	1,376,435	(2,070)	1,164,107
Public Safety:						
Police	913,700	1,158,000	(244,300)	1,157,901	99	1,066,367
Fire	155,042	175,042	(20,000)	175,003	39	155,131
Rental inspector	24,873	26,873	(2,000)	26,848	25	25,642
Total Public Safety	1,093,615	1,359,915	(266,300)	1,359,752	163	1,247,140
Public Works:						
DPW administration	76,742	50,149	26,593	47,655	2,494	80,274
Equipment maintenance	-	503,000	(503,000)	501,323	1,677	-
Alleys & sidewalks	138,437	76,557	61,880	75,891	666	150,536
Storm sewer	6,192	-	6,192	-	-	4,592
City engineer	-	-	-	-	-	-
Street lights	72,724	98,593	(25,869)	98,534	59	72,737
Cemetery	209,248	169,932	39,316	169,650	282	197,988
Total Public Works	503,343	898,231	(394,888)	893,053	5,178	506,127
Community and Economic Development:						
Planning commission	3,447	2,847	600	1,763	1,084	2,581
Zoning administration	43,635	66,635	(23,000)	66,575	60	51,775
Zoning board of appeals	-	90	(90)	65	25	-
Neighborhood improvement	11,800	5,900	5,900	5,809	91	19,295
Economic development	16,866	27,840	(10,974)	27,796	44	22,240
DDA administration	2,177	2,377	(200)	1,827	550	2,030
Total Community and Economic Development	77,925	105,689	(27,764)	103,835	1,854	97,921
Recreation and Culture:						
Brasswire Campground	-	-	-	282,717	(282,717)	-
Al Quaal	122,214	134,032	(11,818)	133,998	34	129,399
Al Quaal Tube Slide	11,490	12,513	(1,023)	12,512	1	9,919
Park maintenance	99,173	103,099	(3,926)	103,081	18	102,196
Library	286,150	314,969	(28,819)	314,948	21	293,352
Total Recreation and Culture	519,027	564,613	(45,586)	847,256	(282,643)	534,866

City of Ishpeming, Michigan

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2025

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

	2025					
	Budget			Actual		
	Original Budget	Final Budget	Variance with Final Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)	2024
Debt Service:						
Principal	$ 244,950	$ 245,100	(150)	$ 256,272	$ (11,172)	$ 245,062
Interest and fiscal charges	105,050	105,050	-	102,668	2,382	105,105
Total Debt Service	350,000	350,150	(150)	358,940	(8,790)	350,167
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	3,568,116	4,652,963	(1,084,847)	4,939,271	(286,308)	3,900,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,986)	(346,833)	(334,847)	(528,481)	(181,648)	(362,668)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	15,000	15,000	-	15,000	-	181,503
Transfers (out)	-	(6,000)	(6,000)	(13,858)	(7,858)	-
TOTAL OTHER FINANCING SOURCES (USES)	15,000	9,000	(6,000)	1,142	(7,858)	181,503
CHANGE IN FUND BALANCE	3,014	(337,833)	$ (340,847)	(527,339)	$ (189,506)	(181,165)
Fund balance, beginning of year	743,494	743,494		743,494		924,659
Prior period adjustment	(1,972)	(1,972)		(1,972)		-
Net position, beginning of year, as restated	741,522	741,522		741,522		924,659
FUND BALANCE, END OF YEAR	$ 744,536	$ 403,689		$ 214,183		$ 743,494

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2025

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

	2025					
	Budget			Actual		
	Original Budget	Final Budget	Variance with Final Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)	2024
REVENUES:						
Federal sources	$ -	$ -	$ -	$ -	$ -	$ -
State sources	1,217,528	903,091	(314,437)	917,338	14,247	884,362
Interest income and rentals	-	31,562	31,562	31,572	10	10,699
Other revenue	-	-	-	4	4	-
TOTAL REVENUES	1,217,528	934,653	(282,875)	948,914	14,261	895,061
EXPENDITURES:						
Public Works:						
Drainage/backslopes	31,884	43,684	(11,800)	32,373	11,311	30,206
Storm sewer	6,261	1	6,260	-	1	6,024
Construction	483,878	340,000	143,878	339,589	411	20,571
Routine maintenance	99,464	169,964	(70,500)	174,577	(4,613)	85,978
Winter maintenance	289,299	416,299	(127,000)	415,654	645	270,054
Traffic services	57,345	40,345	17,000	40,251	94	52,709
Administration	61,670	67,670	(6,000)	67,609	61	61,648
State trunkline	41,619	78,628	(37,009)	76,578	2,050	46,076
Total Public Works	1,071,420	1,156,591	(85,171)	1,146,631	9,960	573,266
Debt Service:						
Principal	22,850	22,850	-	22,384	466	22,384
Interest and fiscal charges	9,750	9,050	700	9,378	(328)	9,600
Total Debt Service	32,600	31,900	700	31,762	138	31,984
TOTAL EXPENDITURES	1,104,020	1,188,491	(84,471)	1,178,393	10,098	605,250
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,508	(253,838)	(367,346)	(229,479)	24,359	289,811
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	13,508	(353,838)	$ (367,346)	(329,479)	$ 24,359	289,811
Fund balance, beginning of year	982,412	982,412		982,412		692,601
FUND BALANCE, END OF YEAR	$ 995,920	$ 628,574		$ 652,933		$ 982,412

City of Ishpeming, Michigan

MAJOR SPECIAL REVENUE FUNDS

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2025

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

	2025					
	Budget			Actual		
	Original Budget	Final Budget	Variance with Final Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)	2024
REVENUES:						
Federal sources	$ -	$ -	$ -	$ -	$ -	$ -
State sources	370,000	382,000	12,000	377,656	(4,344)	579,480
Interest income and rentals	12,000	19,000	7,000	23,737	4,737	9,268
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	382,000	401,000	19,000	401,393	393	588,748
EXPENDITURES:						
Public Works:						
Drainage/backslopes	34,518	40,018	(5,500)	25,496	14,522	46,662
Construction	-	214,000	(214,000)	213,700	300	-
Routine maintenance	131,670	104,870	26,800	109,713	(4,843)	99,914
Winter maintenance	161,387	253,000	(91,613)	252,794	206	149,533
Traffic services	74,694	59,894	14,800	59,710	184	73,920
Administration	23,244	23,244	-	22,898	346	24,631
Total Public Works	425,513	695,026	(269,513)	684,311	10,715	394,660
Debt Service:						
Principal	27,962	27,962	-	27,946	16	27,946
Interest and fiscal charges	11,984	11,984	-	11,708	276	11,986
Total Debt Service	39,946	39,946	-	39,654	292	39,932
TOTAL EXPENDITURES	465,459	734,972	(269,513)	723,965	11,007	434,592
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,459)	(333,972)	(250,513)	(322,572)	11,400	154,156
OTHER FINANCING SOURCES (USES):						
Transfers in	100,000	100,000	-	100,000	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	-	100,000	-	-
CHANGE IN FUND BALANCE	16,541	(233,972)	$ (250,513)	(222,572)	$ 11,400	154,156
Fund balance, beginning of year	828,422	828,422		828,422		674,266
FUND BALANCE, END OF YEAR	$ 844,963	$ 594,450		$ 605,850		$ 828,422

OTHER FINANCIAL INFORMATION

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 funs). 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, 2025

	Special Revenue Funds	Debt Service Building Authority Fund	Capital Projects Funds	Permanent Funds Perpetual Care Fund	Permanent Funds Cemetery Care Fund	Total Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	$ 590,331	$ 22,149	$ 10,340	$ 465,368	$ 75,673	$ 1,163,861
Investments	-	-	-	841,817	108,862	950,679
Accounts receivable, net	-	-	-	-	-	-
Taxes receivable	117,053	-	-	-	-	117,053
Other receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	707,384	22,149	10,340	1,307,185	184,535	2,231,593
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 707,384	$ 22,149	$ 10,340	$ 1,307,185	$ 184,535	$ 2,231,593
LIABILITIES						
Cash overdrafts	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	-	-	-	-	-	-
Accrued payroll and related	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-
Due to other funds	-	-	-	190,560	25,307	215,867
TOTAL LIABILITIES	-	-	-	190,560	25,307	215,867
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	132,074	-	-	-	-	132,074
Discount on investment	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	132,074	-	-	-	-	132,074
FUND BALANCE						
Non-spendable	-	-	-	843,286	145,697	988,983
Restricted	462,879	-	10,340	273,339	13,531	760,089
Committed	-	-	-	-	-	-
Assigned	112,431	22,149	-	-	-	134,580
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	575,310	22,149	10,340	1,116,625	159,228	1,883,652
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 707,384	$ 22,149	$ 10,340	$ 1,307,185	$ 184,535	$ 2,231,593

City of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2025

	Special Revenue Funds	Debt Service: Building Authority Fund	Capital Projects Funds	Permanent Funds: Perpetual Care Fund	Permanent Funds: Cemetery Care Fund	Total Non-Major Governmental Funds
REVENUES:						
Taxes	$ 130,308	$ -	$ -	$ -	$ -	$ 130,308
Federal sources	-	-	146,057	-	-	146,057
State sources	14,183	-	114,000	-	-	128,183
Charges for services	-	-	-	14,575	-	14,575
Interest income and rentals	17,907	-	338	10,821	1,954	31,020
Contributions	23,727	-	-	-	-	23,727
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	186,125	-	260,395	25,396	1,954	473,870
EXPENDITURES:						
Current Operations:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and culture	34,816	-	63,041	-	-	97,857
Debt Service:						
Principal	75,000	95,600	-	-	-	170,600
Interest and fiscal charges	10,525	48,776	-	-	-	59,301
Capital outlay	-	-	21,650	-	-	21,650
TOTAL EXPENDITURES	120,341	144,376	84,691	-	-	349,408
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	65,784	(144,376)	175,704	25,396	1,954	124,462
OTHER FINANCING SOURCES (USES):						
Transfers in	12,000	144,376	5,460	-	-	161,836
Transfers (out)	-	-	-	(15,000)	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	12,000	144,376	5,460	(15,000)	-	146,836
CHANGE IN FUND BALANCE	77,784	-	181,164	10,396	1,954	271,298
Fund balance, beginning of year	497,526	22,149	(170,824)	1,106,229	157,274	1,612,354
FUND BALANCE, END OF YEAR	$ 575,310	$ 22,149	$ 10,340	$ 1,116,625	$ 159,228	$ 1,883,652

City of Ishpeming, Michigan

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

December 31, 2025

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
ASSETS							
Cash and cash equivalents	$ 262,196	$ 215,120	$ 43,345	$ 6,247	$ 62,839	$ 584	$ 590,331
Investments	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-
Taxes receivable	117,053	-	-	-	-	-	117,053
Other receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	379,249	215,120	43,345	6,247	62,839	584	707,384
DEFERRED OUTFLOWS OF RESOURCES	-	-		-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 379,249	$ 215,120	$ 43,345	$ 6,247	$ 62,839	$ 584	$ 707,384
LIABILITIES							
Cash overdrafts	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	132,074	-	-	-	-	-	132,074
TOTAL DEFERRED INFLOWS OF RESOURCES	132,074	-	-	-	-	-	132,074
FUND BALANCE							
Non-spendable	-	-	-	-	-	-	-
Restricted	247,175	215,120	-	-	-	584	462,879
Committed	-	-	-	-	-	-	-
Assigned	-	-	43,345	6,247	62,839	-	112,431
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCE	247,175	215,120	43,345	6,247	62,839	584	575,310
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 379,249	$ 215,120	$ 43,345	$ 6,247	$ 62,839	$ 584	$ 707,384

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, 2025

	Fire Fund	Firefighter Longevity Fund	Senior Center Fund	Lake Bancroft Fund	Carnegie Library Fund	Library State Aid Fund	Total
REVENUES:							
Taxes	$ 130,308	$ -	$ -	$ -	$ -	$ -	$ 130,308
Federal sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	14,183	14,183
Charges for services	-	-	-	-	-	-	-
Interest and rentals	8,538	7,037	-	204	2,114	14	17,907
Contributions	-	-	6,000	-	17,727	-	23,727
Fines and forfeitures	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	138,846	7,037	6,000	204	19,841	14,197	186,125
EXPENDITURES:							
Current Operations:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	15,505	19,311	34,816
Debt Service:			-				
Principal	75,000	-	-	-	-	-	75,000
Interest and fiscal charges	10,525	-	-	-	-	-	10,525
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	85,525	-	-	-	15,505	19,311	120,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	53,321	7,037	6,000	204	4,336	(5,114)	65,784
OTHER FINANCING SOURCES:							
Transfers in	-	-	6,000	-	-	6,000	12,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,000	-	-	6,000	12,000
CHANGE IN FUND BALANCE	53,321	7,037	12,000	204	4,336	886	77,784
Fund balance, beginning of year	193,854	208,083	31,345	6,043	58,503	(302)	497,526
FUND BALANCE, END OF YEAR	$ 247,175	$ 215,120	$ 43,345	$ 6,247	$ 62,839	$ 584	$ 575,310

City of Ishpeming, Michigan

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

December 31, 2025

	Teal Lake Recreation Passport Grant Fund	Partridge Creek Compost Fund	Senior Center Fund	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 10,340	$ 10,340
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Taxes receivable	-	-	-	-
Other receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
TOTAL ASSETS	-	-	10,340	10,340
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ 10,340	$ 10,340
LIABILITIES				
Cash overdrafts	$ -	$ -	$ -	$ -
Accounts payable	-	-	-	-
Accrued payroll and related	-	-	-	-
Accrued sick and vacation	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	-	-	-	-
Discount on investment	-	-	-	-
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted	-	-	10,340	10,340
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	-	-	10,340	10,340
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ -	$ -	$ 10,340	$ 10,340

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, 2025

	Teal Lake Recreation Passport Grant Fund	Partridge Creek Compost Fund	Senior Center Fund	Total
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Federal sources	-	146,057	-	146,057
State sources	114,000	-	-	114,000
Charges for services	-	-	-	-
Interest income and rentals	-	-	338	338
Contributions	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	114,000	146,057	338	260,395
EXPENDITURES:				
Current Operations:				
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation and culture	1,144	61,897	-	63,041
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	21,650	-	-	21,650
TOTAL EXPENDITURES	22,794	61,897	-	84,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	91,206	84,160	338	175,704
OTHER FINANCING SOURCES (USES):				
Transfers in	5,460	-	-	5,460
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,460	-	-	5,460
CHANGE IN FUND BALANCE	96,666	84,160	338	181,164
Fund balance, beginning of year	(96,666)	(84,160)	10,002	(170,824)
FUND BALANCE, END OF YEAR	$ -	$ -	$ 10,340	$ 10,340

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

GARBAGE AND RUBBISH FUND to account for the management of the garbage 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.

City of Ishpeming, Michigan

SEWER FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,389,597	$ 3,196,104
Investments	55,944	55,944
Accounts receivable	403,400	425,718
Allowance for uncollectible accounts	-	-
Due from other governmental units	-	2,547,342
Prepaid	21,280	20,334
Non-current Assets:		
Cash and cash equivalents - restricted	413,902	56,000
Investment in Wastewater Treatment Facility	3,589,946	3,583,998
Advance to other funds	103,123	103,123
Capital Assets:		
Land and construction in progress	13,790,017	12,089,597
Other capital assets, net of depreciation	4,155,980	4,030,105
Total Capital Assets	17,945,997	16,119,702
TOTAL ASSETS	25,923,189	26,108,265
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	12,066	111,290
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,066	111,290
LIABILITIES		
Current Liabilities:		
Accounts payable	428,113	2,550,940
Accrued payroll and related	8,717	2,191
Accrued interest	34,010	9,119
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Revenue bonds	200,000	-
Pension obligation bonds	64,472	63,055
Notes payable	13,868	-
Compensated absences	-	-
Portion due or payable after one year		
Revenue bonds	5,601,180	4,151,645
Pension obligation bonds	979,146	1,043,618
Notes payable	45,778	-
Compensated absences	-	-
Net pension liability (asset)	(244,773)	(150,078)
TOTAL LIABILITIES	7,130,511	7,670,490
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	24,683	-
TOTAL DEFERRED INFLOWS OF RESOURCES	24,683	-
NET POSITION		
Net investment in capital assets	15,675,117	15,552,055
Restricted for:		
Debt service	191,594	55,772
Unrestricted	2,913,350	2,941,238
TOTAL NET POSITION	$ 18,780,061	$ 18,549,065

City of Ishpeming, Michigan

SEWER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

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

	2025	2024
OPERATING REVENUES:		
Charges for services	$ 1,968,078	$ 1,974,241
Other revenue	163	-
TOTAL OPERATING REVENUES	1,968,241	1,974,241
OPERATING EXPENSES:		
Personal services	361,854	392,860
Contractual services	859,880	727,845
Supplies	68,082	15,767
Utilities	9,906	3,482
Depreciation	492,911	463,422
Equipment rental	64	29,690
Other expenses	50,600	41,280
TOTAL OPERATING EXPENSES	1,843,297	1,674,346
OPERATING INCOME (LOSS)	124,944	299,895
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	(110,755)	(31,148)
Gain/(loss) on wastewater facility	5,948	(27,768)
Interest income	119,236	36,392
TOTAL NON-OPERATING (EXPENSES)	14,429	(22,524)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	139,373	277,371
Federal sources	-	8,025,000
State sources	-	-
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	139,373	8,302,371
Net position, beginning of year	18,549,065	10,246,694
Prior period adjustment	91,623	-
Net position, beginning of year, as restated	18,640,688	10,246,694
NET POSITION, END OF YEAR	$ 18,780,061	$ 18,549,065

City of Ishpeming, Michigan

SEWER FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 1,990,396	$ 1,818,393
Other operating revenues	163	-
Cash payments to employees for services	(326,116)	(304,119)
Cash payments to suppliers for goods and services	(3,112,305)	(833,623)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,447,862)	680,651
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)	(63,055)
Interest on pension obligation bonds	(26,416)	(26,950)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(89,471)	(90,005)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	(13,226)	-
Interest paid on debt	(61,217)	-
Proceeds from borrowing	4,196,877	1,604,303
Cash payments for capital assets	(2,152,942)	(8,976,312)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	-	8,025,000
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,969,492	652,991
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	-	-
Investment income	119,236	36,392
(Increase) decrease in restricted assets	(357,902)	(56,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(238,666)	(19,608)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	193,493	1,224,029
Cash and cash equivalents, beginning of year	3,196,104	1,972,075
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,389,597	$ 3,196,104
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 124,944	$ 299,895
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	492,911	463,422
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	22,318	(155,848)
(Increase) decrease in prepaid	(946)	(17,351)
Increase (decrease) in accounts payable	(2,122,827)	1,792
Increase (decrease) in accrued payroll	6,526	(5,634)
Increase (decrease) in accrued sick and vacation	-	-
Increase (decrease) in net pension liability and related	29,212	94,375
NET ADJUSTMENTS	(1,572,806)	380,756
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,447,862)	$ 680,651
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, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,814,376	$ 2,205,673
Accounts receivable	733,697	622,752
Allowance for uncollectible accounts	-	-
Due from other funds	-	-
Due from other governmental units	259,304	5,848
Prepaid	18,620	17,792
Non-current Assets:		
Cash and cash equivalents - restricted	1,841,547	994,090
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	14,335,494	2,063,856
Other capital assets, net of depreciation	12,776,536	12,297,936
Total Capital Assets	27,112,030	14,361,792
TOTAL ASSETS	35,390,020	21,818,393
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	42,606	219,588
TOTAL DEFERRED OUTFLOWS OF RESOURCES	42,606	219,588
LIABILITIES		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	1,523,991	91,031
Customer deposits payable	256,634	222,286
Accrued payroll and related	19,341	8,620
Accrued interest	39,411	19,527
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Revenue bonds	171,000	168,000
Pension obligation bonds	88,498	86,553
Notes payable	13,868	-
Compensated absences	21,789	-
Portion due or payable after one year		
Revenue bonds	13,197,363	7,782,000
Pension obligation bonds	1,343,989	1,432,487
Notes payable	45,777	-
Compensated absences	859	33,319
Net pension liability	349,979	553,959
TOTAL LIABILITIES	17,072,499	10,397,782
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	89,922	-
TOTAL DEFERRED INFLOWS OF RESOURCES	89,922	-
NET POSITION		
Net investment in capital assets	17,191,345	9,919,115
Restricted for:		
Debt service	1,257,467	946,317
Unrestricted	(178,607)	774,767
TOTAL NET POSITION	$18,270,205	$11,640,199

City of Ishpeming, Michigan

WATER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

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

	2025	2024
OPERATING REVENUES:		
Charges for services	$ 2,841,725	$ 2,871,302
Other revenue	(1,223)	2,310
TOTAL OPERATING REVENUES	2,840,502	2,873,612
OPERATING EXPENSES:		
Personal services	799,833	873,674
Contractual services	903,294	982,927
Supplies	119,331	87,165
Utilities	40,311	29,228
Depreciation	423,836	397,794
Equipment rental	901	154,577
Other expenses	59,915	41,479
TOTAL OPERATING EXPENSES	2,347,421	2,566,844
OPERATING INCOME (LOSS)	493,081	306,768
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	(214,734)	(195,565)
Gain/(loss) on sale of fixed assets	-	(3,707)
Interest income	70,584	19,683
TOTAL NON-OPERATING (EXPENSES)	(144,150)	(179,589)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	348,931	127,179
Federal sources	6,064,724	868,514
State sources	132,313	238,213
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	6,545,968	1,233,906
Net position, beginning of year	11,640,199	10,406,293
Prior period adjustment	84,038	-
Net position, beginning of year, as restated	11,724,237	10,406,293
NET POSITION, END OF YEAR	$ 18,270,205	$ 11,640,199

City of Ishpeming, Michigan

WATER FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 2,730,780	$ 2,704,092
Other operating revenues	(22,998)	2,310
Cash payments to employees for services	(736,859)	(730,837)
Cash payments to suppliers for goods and services	(758,986)	(1,323,934)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,211,937	651,631
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)	-	-
Principal on pension obligation bonds	(86,553)	(86,553)
Interest on pension obligation bonds	(36,261)	(37,123)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(122,814)	(123,676)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	(181,226)	(164,000)
Interest paid on debt	(160,358)	(159,640)
Proceeds from borrowing	5,586,363	50,000
Cash payments for capital assets	(11,913,682)	(1,437,054)
Proceeds from sale of capital assets	-	-
Proceeds from federal and state grants for capital assets	5,965,356	1,111,308
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(703,547)	(599,386)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	70,584	19,683
(Increase) decrease in restricted assets	(847,457)	67,126
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(776,873)	86,809
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(391,297)	15,378
Cash and cash equivalents, beginning of year	2,205,673	2,190,295
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,814,376	$ 2,205,673
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 493,081	$ 306,768
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	423,836	397,794
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(110,945)	(167,210)
(Increase) decrease in due from other governmental units	(21,775)	-
(Increase) decrease in prepaid	(828)	(14,809)
Increase (decrease) in accounts payable	331,246	(35,084)
Increase (decrease) in customer deposits payable	34,348	21,335
Increase (decrease) in accrued payroll	10,721	(4,846)
Increase (decrease) in accrued sick and vacation	(10,671)	18,142
Increase (decrease) in net pension liability and related	62,924	129,541
NET ADJUSTMENTS	718,856	344,863
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,211,937	$ 651,631
Non-cash Items:		
Due from the State for draw downs on SRF projects	$ 237,529	$ 5,848
Due from the State for DWAM project	-	-
Property and equipment included in outstanding payables	1,101,714	45,059

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ -
Accounts receivable	-	-
Allowance for uncollectible accounts	-	-
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
Total Capital Assets	-	295,009
TOTAL ASSETS	-	295,009
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Cash overdrafts	-	54,334
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	-	206,246
TOTAL LIABILITIES	-	291,141
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	-	295,009
Restricted for:		
Debt service	-	-
Unrestricted (deficit)	-	(291,141)
TOTAL NET POSITION	$ -	$ 3,868

City of Ishpeming, Michigan

GARBAGE & RUBBISH FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 607,390	$ 431,307
Accounts receivable	171,720	153,202
Allowance for uncollectible accounts	-	-
Due from other governmental units	-	-
Prepaid expense	1,995	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	781,105	586,415
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Cash overdrafts	-	-
Accounts payable	107,830	29,649
Customer deposits payable	25	-
Accrued payroll and related	108	37
Accrued interest	-	-
Due to other funds	-	-
TOTAL LIABILITIES	107,963	29,686
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	9,840
TOTAL DEFERRED INFLOWS OF RESOURCES	-	9,840
NET POSITION		
Net investment in capital assets	-	-
Restricted for:		
Debt service	-	-
Unrestricted	673,142	546,889
TOTAL NET POSITION	$ 673,142	$ 546,889

City of Ishpeming, Michigan

GARBAGE & RUBBISH FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

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

	2025	2024
OPERATING REVENUES:		
Charges for services	$ 945,247	$ 851,850
Other revenue	11,709	-
TOTAL OPERATING REVENUES	956,956	851,850
OPERATING EXPENSES:		
Personal services	26,802	29,698
Contractual services	800,348	743,452
Supplies	2,339	8,526
Utilities	4,833	3,293
Depreciation	-	-
Equipment rental	-	34,871
Other expenses	14,900	11,335
TOTAL OPERATING EXPENSES	849,222	831,175
OPERATING INCOME (LOSS)	107,734	20,675
NON-OPERATING REVENUES (EXPENSES):		
Interest income	18,519	5,996
TOTAL NON-OPERATING (EXPENSES)	18,519	5,996
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	126,253	26,671
Transfers in	-	-
Transfers (out)	-	-
CHANGE IN NET POSITION	126,253	26,671
Net position, beginning of year	546,889	520,218
NET POSITION, END OF YEAR	$ 673,142	$ 546,889

City of Ishpeming, Michigan

GARBAGE & RUBBISH FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 916,889	$ 843,894
Other operating revenues	11,709	-
Cash payments to employees for services	(26,731)	(29,791)
Cash payments to suppliers for goods and services	(744,303)	(803,580)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	157,564	10,523
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	18,519	5,996
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	18,519	5,996
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,083	16,519
Cash and cash equivalents, beginning of year	431,307	414,788
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 607,390	$ 431,307
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 107,734	$ 20,675
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(18,518)	(7,956)
(Increase) decrease in prepaid expense	(89)	(1,906)
Increase (decrease) in accounts payable	78,206	(197)
Increase (decrease) in accrued payroll	71	(93)
Increase (decrease) in unavailable revenue	(9,840)	-
NET ADJUSTMENTS	49,830	(10,152)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 157,564	$ 10,523

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

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

	2025	2024
OPERATING REVENUES:		
Charges for services	$ 17,400	$ 15,600
Other revenue	-	-
TOTAL OPERATING REVENUES	17,400	15,600
OPERATING EXPENSES:		
Personal services	3,065	4,203
Contractual services	286	5,078
Supplies	7,130	2,072
Utilities	-	-
Depreciation	12,292	12,292
Equipment rental	30	1,792
Other expenses	863	790
TOTAL OPERATING EXPENSES	23,666	26,227
OPERATING INCOME (LOSS)	(6,266)	(10,627)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	-	-
TOTAL NON-OPERATING (EXPENSES)	-	-
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(6,266)	(10,627)
Transfers in	2,398	-
Transfers (out)	-	-
CHANGE IN NET POSITION	(3,868)	(10,627)
Net position, beginning of year	3,868	14,495
NET POSITION, END OF YEAR	$ -	$ 3,868

City of Ishpeming, Michigan

BRASSWIRE CAMPGROUND FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 17,400	$ 15,600
Other operating revenues	-	-
Cash payments to employees for services	(3,065)	(4,203)
Cash payments to suppliers for goods and services	(38,870)	20,829
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(24,535)	32,226
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Increase (decrease) in cash overdraft	(54,334)	(32,226)
(Increase) decrease in due from other funds	-	-
Increase (decrease) in due to other funds	(206,246)	-
Transfers in (out)	2,398	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(258,182)	(32,226)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments for capital assets	-	-
Proceeds from sale of capital assets	282,717	-
Proceeds from federal and state grants for capital assets	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	282,717	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
Cash and cash equivalents, beginning of year	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (6,266)	$ (10,627)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,292	12,292
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	-	-
Increase (decrease) in accounts payable	(30,561)	30,561
Increase (decrease) in accrued payroll	-	-
Increase (decrease) in unavailable revenue	-	-
NET ADJUSTMENTS	(18,269)	42,853
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (24,535)	$ 32,226

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. The Motor Pool Fund was closed out to the General Fund, Sewer Fund, and Water Fund at the end of fiscal year 2024.

City of Ishpeming, Michigan

MOTOR POOL FUND

COMPARATIVE STATEMENT OF NET POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 26,115
Due from other funds	-	-
Prepaid expense	-	6,354
Non-current Assets:		
Capital Assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	-	1,098,473
Total Capital Assets	-	1,098,473
TOTAL ASSETS	-	1,130,942
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	-	32,012
Accrued payroll and related	-	2,429
Accrued interest	-	4,765
Due to other funds	-	-
Non-current Liabilities:		
Portion due or payable within one year		
Notes payable	-	70,175
Compensated absences	-	-
Portion due or payable after one year		
Notes payable	-	119,291
Compensated absences	-	9,152
Net pension liability (asset)	-	-
TOTAL LIABILITIES	-	237,824
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pension	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	-	909,007
Restricted	-	-
Unrestricted (deficit)	-	(15,889)
TOTAL NET POSITION	$ -	$ 893,118

City of Ishpeming, Michigan

MOTOR POOL FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

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

	2025	2024
OPERATING REVENUES:		
Rentals	$ -	$ 815,866
Charges for services	-	-
Other revenue	-	-
TOTAL OPERATING REVENUES	-	815,866
OPERATING EXPENSES:		
Personal services	-	245,693
Contractual services	-	13,574
Supplies	-	258,998
Depreciation	-	192,986
Other expenses	-	114,390
TOTAL OPERATING EXPENSES	-	825,641
OPERATING INCOME (LOSS)	-	(9,775)
NON-OPERATING REVENUES (EXPENSES):		
Interest (expense)	-	(10,605)
Gain/(loss) on sale of assets	-	1,500
Interest income	-	3,226
TOTAL NON-OPERATING (EXPENSES)	-	(5,879)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	-	(15,654)
Transfers in	-	-
Transfers (out)	-	(166,503)
CHANGE IN NET POSITION	-	(182,157)
Net position, beginning of year	893,118	1,075,275
Prior period adjustment	(893,118)	-
Net position, beginning of year, as restated	-	1,075,275
NET POSITION, END OF YEAR	$ -	$ 893,118

City of Ishpeming, Michigan

MOTOR POOL FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ -	$ -
Other operating revenues	-	815,866
Cash payments to employees for services	-	(242,523)
Cash payments to suppliers for goods and services	-	(649,309)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	(75,966)
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)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	(166,503)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on debt	-	(84,132)
Interest paid on debt	-	(11,432)
Proceeds from borrowing	-	-
Cash payments for capital assets	-	(140,207)
Proceeds from sale of capital assets	-	1,500
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(234,271)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	3,226
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	3,226
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(473,514)
Cash and cash equivalents, beginning of year	26,115	499,629
Prior period adjustment	(26,115)	-
Cash and cash equivalents, beginning of year, as restated	-	499,629
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 26,115
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ -	$ (9,775)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	192,986
Change in assets and liabilities:		
(Increase) decrease in prepaid expense	-	(6,354)
Increase (decrease) in accounts payable	-	(255,993)
Increase (decrease) in accrued payroll	-	(1,029)
Increase (decrease) in accrued sick and vacation	-	4,199
Increase (decrease) in net pension liability and related	-	-
NET ADJUSTMENTS	-	(66,191)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ -	$ (75,966)

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, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 662,827	$ 584,405
Investments	17,882	17,251
Accounts receivable, net	-	-
Taxes receivable	249,620	240,380
Other receivable	-	-
Due from other governments	-	-
Primary government internal balances	335,225	372,472
Prepaids	-	-
Notes receivable	-	-
TOTAL ASSETS	1,265,554	1,214,508
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,265,554	$ 1,214,508
LIABILITIES		
Cash overdrafts	$ -	$ -
Accounts payable	23,621	9,212
Due to comp unit	-	-
Accrued payroll and related	528	60
Accrued sick and vacation leave	-	-
Unearned revenue	-	-
Due to other funds	-	-
TOTAL LIABILITIES	24,149	9,272
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	354,293	355,679
TOTAL DEFERRED INFLOWS OF RESOURCES	354,293	355,679
FUND BALANCE		
Non-spendable	335,225	372,472
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	551,887	477,085
TOTAL FUND BALANCE	887,112	849,557
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 1,265,554	$ 1,214,508

City of Ishpeming, Michigan

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

December 31, 2025

Total Fund Balances for Downtown Development Authority		$ 887,112
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land, construction in progress and historical treasurers	$ -	
Other capital assets, net of depreciation	1,061,685	1,061,685
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	(133,170)	
Accrued interest on debt	(4,536)	
Bonds payable	(546,725)	
Premium on bonds	(34,437)	(718,868)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,229,929

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, 2025

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

	2025					
	Budget			Actual		
	Original Budget	Final Budget	Variance with Final Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)	2024
REVENUES:						
Taxes	$ 299,500	$ 299,500	$ -	$ 355,699	$ 56,199	$ 305,189
Federal sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Interest income and rentals	3,000	3,000	-	22,591	19,591	7,975
Contributions	-	-	-	100	100	250
Other revenue	-	-	-		-	
TOTAL REVENUES	302,500	302,500	-	378,390	75,890	313,414
EXPENDITURES:						
Other governmental	130,455	130,455	-	201,258	(70,803)	155,272
Debt service:						
Principal	123,500	123,500	-	124,700	(1,200)	124,700
Interest and fiscal charges	19,500	19,500	-	14,877	4,623	17,371
Total Debt Service	143,000	143,000	-	139,577	3,423	142,071
TOTAL EXPENDITURES	273,455	273,455	-	340,835	(67,380)	297,343
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	29,045	29,045	-	37,555	8,510	16,071
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	29,045	29,045	$ -	37,555	$ 8,510	16,071
Fund balance, beginning of year	849,557	849,557		849,557		833,486
FUND BALANCE, END OF YEAR	$ 878,602	$ 878,602		$ 887,112		$ 849,557

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, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 37,555
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	-	(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
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		829
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		$ 55,405

COMPLIANCE SUPPLEMENTS

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

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, 2025, 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 29, 2026.

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 2025-001 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as items 2025-002.

City's Response to Findings

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

Purpose of this Report

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

Anderson, Tackman & Company, PLC
Certified Public Accountants

July 29, 2026

COMMUNICATIONS SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

City of Ishpeming, Michigan
Report to Management
For the Year Ended December 31, 2025

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, 2025, 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

2025-001 – ASSISTANCE IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES (REPEAT)

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

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: See separate Corrective Action Plan.

NON-COMPLIANCE

2025-002 – EXPENDITURES OVER APPROPRIATIONS

Condition: During the year ended December 31, 2025, the City incurred functional expenditures which were in excess of the amounts appropriated as enumerated upon in the notes to the financial statements.

Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated. The City's actual expenditures and budgeted expenditures for the Governmental Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditure. However, as it relates to the material budget violation in the General Fund under Recreation and Culture, this violation was a due to the adjustments necessary to close out the Brasswire Campground Fund (an enterprise fund) to the General Fund at the end of the fiscal year as approved by the City Council. The appropriate accounting for the decision was not known at the time of final budget amendments.

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

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

Management Response: See separate Corrective Action Plan

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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.

To the City Council of the
City of Ishpeming, Michigan

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 29, 2026

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

City of Ishpeming, Michigan
Communication with Those Charged with Governance
For the Year Ended December 31, 2025

July 29, 2026

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, 2025. 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 18, 2026. 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. As described in Note Y to the financial statements, the City closed the Motor Pool Fund effective December 31, 2024. The activity for the Motor Pool Fund was reclassified to governmental activities, the General Fund, the Sewer Fund, and the Water Fund. Accordingly, the effect of this change, along with other adjustments found, are reported as of the beginning of the year reported in those respective funds/activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the allowance for doubtful accounts is based on historical charges for services, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the methods, assumptions, and data used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

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

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

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

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

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

The disclosure of the City's Pension Liability related to the Police and Firemen Retirement System Defined Benefit Retirement Plan in the notes to the financial statements includes significant actuarial assumptions used in calculating the valuation. Gabriel Roeder Smith & Company was the actuarial company hired for 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, 2024.

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 29, 2026.

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.

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 2025-001 to be significant deficiencies.

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as items 2025-002.

Other Matters

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

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

Restriction on Use

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

Very truly yours,

Anderson, Tackman & Company, PLC
Certified Public Accountants

ATTACHMENT – UPCOMING GASB STANDARDS
For the Year Ended December 31, 2025

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 103: Financial Reporting Model Improvements

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

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

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

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

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

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

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

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

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.

GASB 105: Subsequent Events

Effective for fiscal years beginning after June 15, 2026 (Entity's fiscal year 2027)

The objective of this Statement is to improve the financial reporting requirements for subsequent to better meet the informational needs of the financial statement users by enhancing consistency in the application of subsequent events.

Under this Statement, a subsequent event is defined as a transaction or event that occurs after the date of the financial statements but before the date the financial statements are available to be issued. This statement improves financial reporting by (1) clarifying the subsequent event time fame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events.

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

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2025

July 29, 2026

In response to the findings disclosed in the audited financial statements:

2025-001 – 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.

Responsible Party(ies):
- City Council
- Deputy City Manager / Finance Director

Anticipated Completion Date: Not applicable.

2025-002 – EXPENDITURES OVER APPROPRIATIONS

Corrective Action Plan: Budgets are reviewed regularly, however, all the adjustments necessary to close the City's books for purposes of the audit were not fully known at the time of the fourth quarter budget amendments. Violations in the Major Street Fund and Local Street Fund were due to differences in the anticipated amounts versus actual amounts. The General Fund violations were a combination of: 1) "unknown" amounts for the financial statement close, 2) audit adjustments necessary to properly account for the closeout of the Brasswire Campground Fund at the end of the fiscal year, and 3) residual adjustments for the proper closeout of the Motor Pool Fund, which included reclassification of debt service payments for equipment loans previously accounted for in the Motor Pool Fund.

Responsible Party(ies):
- City Council
- City Manager
- Deputy City Manager / Finance Director

Anticipated Completion Date: December 31, 2026

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