

**AUDITED FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTAL INFORMATION  
SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTAL REPORTS**

**CITY OF IRONWOOD  
GOGEBIC COUNTY, MICHIGAN**

**June 30, 2025**

## CONTENTS

Audited Financial Statements:	
Independent Auditors' Report .....	Page 4
Management's Discussion and Analysis .....	7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	20
Statement of Activities .....	22
Fund Financial Statements:	
Combined Balance Sheet – Governmental Funds .....	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	24
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds with the Statement of Activities .....	27
Proprietary Funds:	
Combined Statement of Net Position .....	28
Combined Statement of Revenues, Expenses and Changes in Net Position .....	30
Combined Statement of Cash Flows .....	31
Combined Statement of Fiduciary Net Position – Fiduciary Funds .....	33
Combined Statement of Changes in Fiduciary Net Position – Pension Trust Funds .....	34
Statement of Changes in Fiduciary Net Position – Retiree Healthcare Fund .....	35
Statement of Changes in Fiduciary Net Position – Agency Fund .....	36
Notes to Financial Statements .....	38
Required Supplemental Information:	
Budgetary Comparison Schedule – Major Governmental Funds .....	84
Schedule of the Changes in the Employer's Net Pension Liability and Related Ratios .....	85
Schedule of Employer Required Pension Contributions .....	86
Schedule of Changes in the Employer's Net Other Post-Employment Benefits Liability (Asset) and Related Ratios .....	87
Schedule of Employer Required Other Post-Employment Benefits Contributions .....	88

CONTENTS (CONTINUED)

Supplementary Information:

General Fund:

Balance Sheet .....	90
Statement of Revenues - Estimated and Actual .....	91
Statement of Appropriations and Expenditures .....	93

Nonmajor Governmental Funds:

Combining Balance Sheet .....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	96

Pension Trust Funds:

Combining Statement of Plan Net Position .....	98
Combining Statement of Changes in Plan Net Position .....	99
Schedule of Expenditures of Federal Awards .....	100
Notes to Schedule of Expenditures of Federal Awards .....	101

Supplemental Reports:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	A-1
Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	B-1
Schedule of Findings and Questioned Costs .....	C-1

**AHONEN & TREGEMBO, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
301 N. SUFFOLK STREET  
IRONWOOD, MICHIGAN 49938-2027

**K. T. AHONEN, C.P.A.**  
**L. M. TREGEMBO, C.P.A.**  
**MEMBERS**

**TELEPHONE**  
**(906) 932-4430**  
**FAX**  
**(906) 932-0677**  
**EMAIL**  
mpa@ironwoodcpa.com

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of the Commission  
City of Ironwood, Michigan  
Ironwood, Michigan

**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 remaining fund information of the City of Ironwood, Michigan as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Ironwood, Michigan'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 remaining fund information of the City of Ironwood, Michigan, as of June 30, 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.

We did not audit the financial statements of Ironwood Housing Commission, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2025, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ironwood Housing Commission, is based solely on the report of the other auditors.

**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 of Ironwood, Michigan 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control 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 of Ironwood, Michigan'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.

## **Auditors' 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 judgement 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 judgement 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 of Ironwood, Michigan'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 financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ironwood, Michigan'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 7 through 18 and 84 through 88 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 supplemental 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 of Ironwood, Michigan's basic financial statements. The accompanying supplementary information, as identified in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 supplementary information, including the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2025 on our consideration of City of Ironwood, Michigan'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 of Ironwood, Michigan'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 City of Ironwood, Michigan's internal control over financial reporting and compliance.



Certified Public Accountants

Ironwood, Michigan  
December 29, 2025

# MANAGEMENT’S DISCUSSION AND ANALYSIS

## CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

---

### **Management’s Discussion and Analysis**

This section of the City of Ironwood, Michigan’s (City) annual financial report presents our discussion and analysis of the City’s financial performance during the year ended June 30, 2025. It is to be read in conjunction with the City’s financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ended June 30, 2025.

### **Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net position and the statement of activities. They report information about the City as a whole. The statements are prepared using the accrual method of accounting which is the accounting method used by most private sector businesses. The statement of net position includes all of the City’s assets, liabilities, deferred outflows and inflows of resources except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental and business-type activities of the City that include all services performed by the City.

The statement of net position shows the City’s assets and liabilities. The corresponding balance between the assets and liabilities equals the net position of the City. A deficit occurs when there are more liabilities than there are assets to pay those liabilities. This statement measures the financial strength of the City; the greater the net position figure, generally the healthier the financial position of the City. It helps management determine if the City will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net position on a revenue less expense basis. It generally shows the operating results for a given year of the City. Any excess of revenues over expenses results in a surplus for the year that in turn increases the net position available to fund future needs of the City.

## **Fund Financial Statements**

The City's fund financial statements show detail of funds that are determined to be significant, called major funds. The governmental funds that are separately stated as major funds are the General Fund, Major Street Fund, and Local Street Fund. Of the proprietary funds; the Water Utility, Sewer Utility, and Internal Service Funds, are reported as major proprietary funds. The Civic Center and Indirect Cost Pool - Health Insurance Funds are reported as nonmajor funds. All other governmental funds are considered nonmajor and are reported as one column.

Governmental funds are reported in the fund financial statements and contain the same functions reported as governmental activities in the government-wide financial statements. However, the fund statements provide a different view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to the government-wide financial statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds include the same functions reported as business-type activities in the government-wide financial statements. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. Because the City's internal service fund primarily serves other City functions, it is included within the governmental activities of the government-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Fiduciary funds, such as the employee pension plans and retiree healthcare funds, are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

## **Government-wide Financial Statements – Condensed Financial Information**

### **Statement of Net Position**

The following tables show the condensed statements of net position with a detailed analysis of the statements below.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Position (Continued)

	<u>June 30, 2025</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and investments	\$ 8,418,377	\$ 3,709,223	\$ 12,127,600
Receivables	791,715	2,046,636	2,838,351
Other current assets	118,573	286,721	405,294
Notes receivable, noncurrent	183,434		183,434
Other noncurrent assets		1,870	1,870
Capital assets, net of accumulated depreciation	14,484,290	53,629,298	68,113,588
Investment in Gogebic-Iron Wastewater Authority		2,629,516	2,629,516
Restricted cash		875,460	875,460
Net other postemployment benefit asset	<u>458,966</u>	<u>271,872</u>	<u>730,838</u>
Total Assets	<u>\$ 24,455,355</u>	<u>\$ 63,450,596</u>	<u>\$ 87,905,951</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	\$ 1,005,018	\$ 198,885	\$ 1,203,903
Related to other postemployment benefits	<u>226,601</u>	<u>2,644</u>	<u>229,245</u>
Total Deferred Outflows of Resources	<u>\$ 1,231,619</u>	<u>\$ 201,529</u>	<u>\$ 1,433,148</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Position (Continued)

	<u>June 30, 2025</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>LIABILITIES</b>			
Accounts payable	\$ 494,968	\$ 2,237,179	\$ 2,732,147
Customer deposits		78,870	78,870
Other current liabilities	28,740	203,999	232,739
Current portion of long-term liabilities	48,536	534,640	583,176
Compensated absences	222,817	50,326	273,143
Bonds and lease payable	311,017	18,030,000	18,341,017
Net pension liability	7,949,948	1,573,229	9,523,177
Net other postemployment benefit liability	<u>189,086</u>		<u>189,086</u>
Total Liabilities	<u>\$ 9,245,112</u>	<u>\$ 22,708,243</u>	<u>\$ 31,953,355</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue - leases	\$ 10,197		\$ 10,197
Related to other postemployment benefits	<u>256,814</u>	<u>\$ 62,990</u>	<u>319,804</u>
Total Deferred Inflows of Resources	<u>\$ 267,011</u>	<u>\$ 62,990</u>	<u>\$ 330,001</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 13,947,711	\$ 33,123,007	\$ 47,070,718
Restricted	2,004,859	1,147,332	3,152,191
Unrestricted	<u>222,281</u>	<u>6,610,553</u>	<u>6,832,834</u>
Total Net Position	<u>\$ 16,174,851</u>	<u>\$ 40,880,892</u>	<u>\$ 57,055,743</u>

The City's net position is \$57,055,743 at June 30, 2025. Net investment in capital assets is \$47,070,718 at June 30, 2025. Net investment in capital assets is derived by taking the original costs of the City's assets, subtracting accumulated depreciation to date and comparing this figure to the amount of long-term debt used to finance the acquisition of those assets. Restricted net position is restricted for debt service, by donors and by grant spending requirements. The unrestricted net position is \$6,832,834 at June 30, 2025. This is the net accumulated results of the current and past years' operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Position (Continued)

	<u>June 30, 2024</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and investments	\$ 7,336,458	\$ 2,263,850	\$ 9,600,308
Receivables	625,275	982,758	1,608,033
Other current assets	156,540	340,013	496,553
Notes receivable, noncurrent	183,434		183,434
Other noncurrent assets		3,454	3,454
Capital assets, net of accumulated depreciation	13,226,957	42,904,549	56,131,506
Investment in Gogebic-Iron Wastewater Authority		2,629,516	2,629,516
Restricted cash		939,211	939,211
Net other postemployment benefit asset		<u>231,166</u>	<u>231,166</u>
Total Assets	<u>\$ 21,528,664</u>	<u>\$ 50,294,517</u>	<u>\$ 71,823,181</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	\$ 1,299,217	\$ 248,022	\$ 1,547,239
Related to other postemployment benefits	<u>332,289</u>	<u>6,578</u>	<u>338,867</u>
Total Deferred Outflows of Resources	<u>\$ 1,631,506</u>	<u>\$ 254,600</u>	<u>\$ 1,886,106</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Position (Continued)

	<u>June 30, 2024</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>LIABILITIES</b>			
Accounts payable	\$ 410,668	\$ 1,185,225	\$ 1,595,893
Customer deposits		75,866	75,866
Other current liabilities	538,013	102,639	640,652
Current portion of long-term liabilities	244,405	444,000	688,405
Compensated absences	198,155	155,915	354,070
Bonds and note payable		17,379,000	17,379,000
Net pension liability	8,401,550	1,603,867	10,005,417
Net other postemployment benefit liability	<u>246,644</u>		<u>246,644</u>
Total Liabilities	<u>\$ 10,039,435</u>	<u>\$ 20,946,512</u>	<u>\$ 30,985,947</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Related to pensions	\$ 46,810		\$ 46,810
Related to other postemployment benefits	<u>76,978</u>	<u>\$ 52,882</u>	<u>129,860</u>
Total Deferred			
Inflows of Resources	<u>\$ 123,788</u>	<u>\$ 52,882</u>	<u>\$ 176,670</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 13,054,957	\$ 24,039,428	\$ 37,094,385
Restricted	1,413,941	1,170,377	2,584,318
Unrestricted	<u>(1,471,951)</u>	<u>4,339,918</u>	<u>2,867,967</u>
Total Net Position	<u>\$ 12,996,947</u>	<u>\$ 29,549,723</u>	<u>\$ 42,546,670</u>

The City's net position is \$42,546,670 at June 30, 2024. Net investment in capital assets is \$37,094,385 at June 30, 2024. Restricted net position is restricted for debt service, by donors and by grant spending requirements. The unrestricted net position is \$2,867,967 at June 30, 2024. This is the net accumulated results of the current and past years' operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Activities

The results of operations for the City as a whole are reported in the statement of activities. This statement reports the changes in net position for the fiscal year.

	<u>Year ended June 30, 2025</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 581,750	\$ 5,594,334	\$ 6,176,084
Operating grants	2,199,075	1,345,884	3,544,959
Capital grants	1,440,666	10,379,595	11,820,261
General Revenues:			
State grants	1,240,743		1,240,743
Property taxes	2,720,998	113,160	2,834,158
Other	<u>1,043,584</u>	<u>252,474</u>	<u>1,296,058</u>
Total Revenues	\$ 9,226,816	\$ 17,685,447	\$ 26,912,263
Program expenses:			
Governmental activities	\$ 6,048,912		\$ 6,048,912
Business-type activities	<u>                    </u>	<u>\$ 6,354,278</u>	<u>6,354,278</u>
Total Program Expenses	\$ <u>6,048,912</u>	\$ <u>6,354,278</u>	\$ <u>12,403,190</u>
Change in Net Position	<u>\$ 3,177,904</u>	<u>\$ 11,331,169</u>	<u>\$ 14,509,073</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Activities (Continued)

	<u>Year ended June 30, 2024</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 530,166	\$ 5,218,843	\$ 5,749,009
Operating grants	1,566,765	772,230	2,338,995
Capital grants	761,429	1,449,954	2,211,383
General Revenues:			
State grants	1,446,089		1,446,089
Federal grants	2,496		2,496
Property taxes	2,520,618	107,080	2,627,698
Other	<u>1,051,276</u>	<u>88,342</u>	<u>1,139,618</u>
Total Revenues	\$ 7,878,839	\$ 7,636,449	\$ 15,515,288
Program expenses:			
Governmental activities	\$ 5,965,138		\$ 5,965,138
Business-type activities	<u>                    </u>	<u>\$ 6,125,230</u>	<u>6,125,230</u>
Total Program Expenses	\$ 5,965,138	\$ 6,125,230	\$ 12,090,368
Change in Net Position	<u>\$ 1,913,701</u>	<u>\$ 1,511,219</u>	<u>\$ 3,424,920</u>

The City had an overall increase in net position of \$14,509,073 and \$3,424,920 for the years ended June 30, 2025 and 2024, respectively.

The City's revenues totaled \$26,912,263 and \$15,515,288 for the years ended June 30, 2025 and 2024, respectively.

The City's total cost to fund all governmental activities was \$6,048,912 and \$5,965,138, and business-type activities was \$6,354,278 and \$6,125,230, for the years ended June 30, 2025 and 2024, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Major Individual Funds**

An analysis of balances and transactions of major individual funds, including changes in fund balances or net positions follows:

<u>Fund</u>	Fund Balance/ Net Position at July 1, <u>2024</u>	Revenues and Other Financing <u>Sources</u>	Expenditures/ Expenses and Other Financing <u>Uses</u>	Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing <u>Uses</u>	Fund Balance/ Net Position at <u>June 30, 2025</u>
General	\$ 4,517,720	\$ 5,827,505	\$ 4,996,876	\$ 830,629	\$ 5,348,349
Major Street	595,925	1,625,988	997,736	628,252	1,224,177
Local Street	69,514	766,250	766,250	0	69,514
Water Utility	11,528,226	14,609,622	3,766,189	10,843,433	22,371,659
Sewer Utility	13,108,051	2,633,106	2,079,341	553,765	13,661,816
Equipment Fund	<u>1,910,775</u>	<u>1,267,180</u>	<u>908,786</u>	<u>358,394</u>	<u>2,269,169</u>
	<u>\$ 31,730,211</u>	<u>\$ 26,729,651</u>	<u>\$ 13,515,178</u>	<u>\$ 13,214,473</u>	<u>\$ 44,944,684</u>

**Capital Assets**

At June 30, 2025, the City had \$68,113,588 invested in capital assets, net of depreciation. The City's net capital assets increased during the past fiscal year by \$11,982,082. Additions totaling \$14,235,497 were offset by depreciation charges of \$2,124,633 and disposals of \$128,782. The City's governmental and proprietary activities reported \$629,472 and \$11,235,764 of construction costs during the year ended June 30, 2025, respectively.

**Governmental Fund Budgetary Items**

During the year, the City revised its original budget to account for the changing environment of funding sources and spending needs. The City had no significant areas where it overspent its budget during the year ended June 30, 2025. A schedule showing the City's original budget, final budget and the actual results for major funds is included as required supplemental information in the financial section of the audit report.

**Debt**

The City had \$19,197,336 of long-term liabilities at June 30, 2025. This amount consists of revenue bonds payable, capital lease payable and accrued compensated absences payable to employees. Of this amount, \$583,176 will be payable within one year.

### **Future Considerations**

The City recently completed construction of Phase 1 of the water plant project with USDA Rural Development loan and grant funding. Phase 1 included construction of a new pumping facility to replace the existing antiquated pumping facility. C.D. Smith started construction in the summer of 2023. The total cost of Phase 1 was approximately \$11,600,000 financed with \$5,800,000 of loans and \$5,800,000 of grant funding. Phase 2 is currently under contract with C.D. Smith and is 50% complete and includes adding water treatment to remove iron and manganese from the municipal water. It will also include fluoridating the community water supply, which has not been previously done. Approximately \$11,000,000 of funding has been obtained from the State of Michigan for Phase 2 in the form of a 100% grant. That project will be complete by mid-2026. There will be a 2-to-3-year process of removing iron and manganese from the existing piping system (via flushing) after Phase 2 of the water treatment system is completed.

The City has received \$11,000,000 of 100% grant funding from the State of Michigan EGLE Drinking Water State Revolving Fund to fund water system improvements for the Phase 5 infrastructure project. The City also received \$4,888,000 (\$3,348,000 grant and \$1,540,000 loan) from USDA Rural Development to fund sanitary sewer system improvements in the same Phase 5 area. The Phase 5A project included water system, sanitary sewer system, and street/sidewalk improvements on 5 blocks which was completed in the summer of 2025. Phase 5B began in the summer of 2025 and is currently about 70 percent complete. It will be completed in 2026. Phase 5C includes water system and street and sidewalk improvements and will be completed in 2026. The City of Ironwood is expected to provide about \$400,000 of local funding for costs not covered by the funding agencies for sidewalks, curb work and the second half of road paving where the funding did not cover expenses.

The City received \$3,000,000 of EGLE Drinking Water Revolving Fund grant funding for a lead service line replacement project. The City is required by a State of Michigan mandate to replace all galvanized service lines that are considered lead services within the next 20 years. This grant will greatly assist the City in complying with the State mandate. Construction is currently in progress with approximately \$2,200,000 spent to date and another \$800,000 estimated to be spent. There are currently approximately 100 services remaining to be changed from galvanized to copper. At the end of this project, the City expects to have less than 50 galvanized lines remaining to be replaced due to uncooperative homeowners or additional funding needed to replace the mainline that the services are tied. The City plans to wait until those mains are replaced prior to replacing the service lines. The project is expected to be completed in the fall of 2026.

The City expects to receive Michigan Department of Transportation Small Urban grant funding in the amount of \$420,000 to assist with funding the rebuilding of sidewalks on Douglas Boulevard in 2027. These will be sidewalk improvements from US-2 to Fredrick Street. Design for this work is just beginning. The City is also applying for a 2029 Small Urban Funds grant of \$420,000 for street repairs to Alfred Wright Boulevard.

The City is one of three members of the Gogebic-Iron Wastewater Authority (GIWA). The GIWA has received approximately \$32,000,000 of State funding (including a \$20,000,000 ARPA grant) to modernize the wastewater treatment plant built in the early 1980's. The project will replace most of the controls and mechanics within the operation of the plant to extend the life of the facility approximately 40 years. C.D. Smith has been working on the project and is scheduled to complete the project by late 2026.

**Future Considerations (continued)**

The City of Ironwood is in the process of the funding application for water system improvements to the Newport Heights neighborhood. The existing watermain is an undersized and outdated 2-inch galvanized line which runs underneath the front porches of many homes. The new line will be constructed in the road right-of-way and will need to be cut into shallow bedrock. Funding applications are in process with both Michigan EGLE and the USDA Rural Development. If funding is successful, construction is anticipated to begin in 2027.

The City of Ironwood has secured a \$375,000 grant from Michigan DNR Land and Water Conservation fund for the improvements to ice making system for the Pat O'Donnell Civic Center. The current system is over 50 years old and has reached the end of its useful life. The \$750,000 project is scheduled to be completed in summer of 2026. The City of Ironwood is currently applying for another \$100,000 MDARD grant to assist with the matching funds for this project. An agreement is in place for the Pat O'Donnell Civic Center to borrow any remaining funds for the project from the City of Ironwood's General Fund.

The City of Ironwood is in beginning stages of preparing a preliminary engineering report and funding applications to both Michigan EGLE and the USDA Rural Development for the Phase 6 water and sewer project. Phase 6 will be the next large neighborhood water, sewer and street reconstruction project. The area will include streets east of the Memorial Building, including portions of Marquette Street, Mansfield Street, Curry Street, Sutherland Street and Vaughn Street. If funding is successful, construction is anticipated to begin in 2027.

The City of Ironwood is currently working through the steps with the State of Michigan Community Development Block WRI Grant for a \$900,000 project for waterline work on Old County Road East of Country Club Road. Coleman Engineering is completing the design this fall and we plan to bid the project this winter for construction in 2026.

In 2022, the City of Ironwood acquired the old Wells Fargo bank property in downtown Ironwood from the County tax sale process. The building is in disrepair due to lack of upkeep and maintenance from the previous owner. In 2023, a developer applied for Low Income Housing Tax Credits which are Federal IRS tax credits and are allocated through the State of Michigan by MSHDA. That application was not successful. The City is currently requesting proposals from developers to apply for funding to develop a housing project.

The City of Ironwood is currently working with Hoisington Koegler Group, Inc. (HKGi) consultants on our 10-year Comprehensive Plan update. The 2014 plan has reached the end of its life and it is time for the community to define its goals and ambitions for the next decade. The new Comprehensive Plan is expected to be completed in early 2026. After the plan is completed, the City will review and update the Zoning Ordinance. The City of Ironwood is currently working with a legal team to update the entire City Code of Ordinances to modern-day standards.

**Future Considerations (continued)**

In 2023 and 2024, the Copperwood Mine project in Wakefield, Michigan began to move forward with construction of stream and wetland impact work. This work was funded by the sale of a portion of Copperwood's interest in the White Pine mining facility to Kinterra Copper USA. The mine is working with investors to secure funding to complete the approximately \$400,000,000 project. Copperwood has also been working with the State of Michigan to obtain funding, but multiple efforts have not been successful. If the project moves forward, it is proposed to infuse a significant investment in our region by adding residents and an estimated 375-800 jobs; while supporting businesses in and to our area for an estimated 10-to-12-year project life.

The Copper Peak Ski Flying Hill project in Ironwood Township started construction in May 2025. They currently have secured a \$20,000,000 grant from the State of Michigan to renovate the 1969 ski flying hill to meet current FIS regulations for summer ski jumping. A Minnesota based Contractor began constructing the landing portion of the project in 2025 and it is expected to be completed in 2026. This will allow Copper Peak to begin hosting winter events. Copper Peak is currently seeking another \$20,000,000 to complete the remainder of the in-run structure project. Once complete, the facility is expected to bring significant tourism and publicity to the Ironwood area by hosting several events throughout the summer and fall season.

**Component Unit**

Separate financial statements for the Ironwood Housing Commission may be obtained at its administrative offices at 515 East Vaughn Street, Ironwood, Michigan.

**Contacting the City**

If you have any questions about this report or need additional information, contact the City offices at City of Ironwood, 213 South Marquette Street, Ironwood, MI 49938; telephone number (906) 932-5050.

BASIC  
FINANCIAL  
STATEMENTS

STATEMENT OF NET POSITION  
CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,874,191	\$ 1,574,080	\$ 4,448,271	\$ 870,531
Investments	5,544,186	2,135,143	7,679,329	
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	564,469	496,385	1,060,854	32,154
Grants	178,422	1,547,992	1,726,414	
Taxes	38,627	2,259	40,886	
Leases	10,197		10,197	
Notes, noncurrent	183,434		183,434	
Inventories	72,879	280,080	352,959	2,653
Internal balances	3,003		3,003	
Prepaid expenses	42,691	6,641	49,332	12,807
Capital assets, net of accumulated depreciation	14,484,290	53,629,298	68,113,588	2,523,070
Investment in Gogebic-Iron Wastewater Authority		2,629,516	2,629,516	
Bond discount, net of amortization		1,870	1,870	
Restricted cash		875,460	875,460	
Net other postemployment benefit asset	<u>458,966</u>	<u>271,872</u>	<u>730,838</u>	
TOTAL ASSETS	<u>\$ 24,455,355</u>	<u>\$ 63,450,596</u>	<u>\$ 87,905,951</u>	<u>\$ 3,441,215</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	\$ 1,005,018	\$ 198,885	\$ 1,203,903	\$ 91,681
Related to other postemployment benefits	<u>226,601</u>	<u>2,644</u>	<u>229,245</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,231,619</u>	<u>\$ 201,529</u>	<u>\$ 1,433,148</u>	<u>\$ 91,681</u>

STATEMENT OF NET POSITION (CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	\$ 430,693	\$ 2,209,440	\$ 2,640,133	\$ 162,946
Salaries payable	64,275	27,739	92,014	
Interest payable		100,250	100,250	
Customer deposits		78,870	78,870	
Unearned revenue	28,740	103,749	132,489	
Long-term liabilities:				
Compensated absences:				
Due within one year		82,640	82,640	28,162
Due beyond one year	222,817	50,326	273,143	28,734
Bonds and lease payable:				
Due within one year	48,536	452,000	500,536	
Due beyond one year	311,017	18,030,000	18,341,017	
Net pension liability	7,949,948	1,573,229	9,523,177	251,540
Net other postemployment benefit liability	<u>189,086</u>	<u>                    </u>	<u>189,086</u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 9,245,112</u></b>	<b><u>\$ 22,708,243</u></b>	<b><u>\$ 31,953,355</u></b>	<b><u>\$ 471,382</u></b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - leases	\$ 10,197		\$ 10,197	
Related to other postemployment benefits	<u>256,814</u>	<u>\$ 62,990</u>	<u>319,804</u>	<u>                    </u>
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b><u>\$ 267,011</u></b>	<b><u>\$ 62,990</u></b>	<b><u>\$ 330,001</u></b>	<b><u>\$ 0</u></b>
<b>NET POSITION</b>				
Net position:				
Net investment in capital assets	\$ 13,947,711	\$ 33,123,007	\$ 47,070,718	\$ 2,523,070
Restricted	2,004,859	1,147,332	3,152,191	
Unrestricted	<u>222,281</u>	<u>6,610,553</u>	<u>6,832,834</u>	<u>538,444</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 16,174,851</u></b>	<b><u>\$ 40,880,892</u></b>	<b><u>\$ 57,055,743</u></b>	<b><u>\$ 3,061,514</u></b>

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

STATEMENT OF ACTIVITIES  
CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	Component Unit
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		
Primary government								
Governmental activities:								
Legislative	\$ 35,067				\$ (35,067)		\$ (35,067)	
General government	1,186,032	\$ 231,488			(954,544)		(954,544)	
Public safety	898,553	82,869		\$ 925,617	109,933		109,933	
Public works	1,829,547	185,483	\$ 2,036,910		392,846		392,846	
Recreation and culture	440,054	81,910	118,165	515,049	275,070		275,070	
Health and welfare	570,757		44,000		(526,757)		(526,757)	
Other functions	47,150				(47,150)		(47,150)	
Interest on long-term debt	5,026				(5,026)		(5,026)	
Depreciation (unallocated)	1,036,726				(1,036,726)		(1,036,726)	
Total Governmental Activities	\$ 6,048,912	\$ 581,750	\$ 2,199,075	\$ 1,440,666	\$ (1,827,421)	\$ 0	\$ (1,827,421)	
Business-type activities:								
Water Utility	\$ 3,766,189	\$ 2,846,292	\$ 1,342,415	\$ 10,329,595		\$ 10,752,113	\$ 10,752,113	
Sewer Utility	2,079,341	2,534,316		50,000		504,975	504,975	
Civic Center	508,748	213,726	3,469			(291,553)	(291,553)	
Total Business-Type Activities	\$ 6,354,278	\$ 5,594,334	\$ 1,345,884	\$ 10,379,595		\$ 10,965,535	\$ 10,965,535	
Total Primary Government	\$ 12,403,190	\$ 6,176,084	\$ 3,544,959	\$ 11,820,261	\$ (1,827,421)	\$ 10,965,535	\$ 9,138,114	
Component Unit	\$ 1,255,191	\$ 624,454	\$ 327,343	\$ 39,443				\$ (263,951)
General revenues:								
Taxes					\$ 2,720,998	\$ 113,160	\$ 2,834,158	
Licenses and permits					88,991		88,991	
State grants					1,240,743		1,240,743	
Contributions from local units					1,500		1,500	
Fines and forfeits					16,983		16,983	
Interest and rents					635,891	96,777	732,668	\$ 10,246
Gain on disposal of assets					52,192		52,192	
Other revenues					248,027	155,697	403,724	12,770
Total General Revenues					\$ 5,005,325	\$ 365,634	\$ 5,370,959	\$ 23,016
Change in Net Position					\$ 3,177,904	\$ 11,331,169	\$ 14,509,073	\$ (240,935)
Net position at July 1, 2024					12,996,947	29,549,723	42,546,670	3,302,449
Net position at June 30, 2025					\$ 16,174,851	\$ 40,880,892	\$ 57,055,743	\$ 3,061,514

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

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	General	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 712,375	\$ 1,159,380	\$ 60,618	\$ 479,435	\$ 2,411,808
Investments	4,321,615			760,122	5,081,737
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts	348,519	143,479	50,303	22,168	564,469
Grants				178,422	178,422
Taxes	35,945			2,682	38,627
Leases	10,197				10,197
Notes				183,434	183,434
Due from other funds	3,003				3,003
Inventories	72,879				72,879
Prepaid expenses	29,903	3,316	4,903	2,600	40,722
	<u>\$ 5,534,436</u>	<u>\$ 1,306,175</u>	<u>\$ 115,824</u>	<u>\$ 1,628,863</u>	<u>\$ 8,585,298</u>
LIABILITIES AND MUNICIPAL EQUITY					
Liabilities:					
Accounts payable:					
Trade	\$ 101,811	\$ 78,333	\$ 41,732	\$ 7,834	\$ 229,710
Construction				177,026	177,026
Payroll and related	51,589	3,665	4,578	4,443	64,275
Unearned revenue	22,490			6,250	28,740
	<u>\$ 175,890</u>	<u>\$ 81,998</u>	<u>\$ 46,310</u>	<u>\$ 195,553</u>	<u>\$ 499,751</u>
Deferred inflows of resources - Unavailable revenue - leases	10,197				10,197
Municipal equity:					
Fund balance:					
Nonspendable	\$ 102,782	\$ 3,316	\$ 4,903	\$ 2,600	\$ 113,601
Restricted	28,804			1,214,884	1,243,688
Committed	780,000				780,000
Assigned	3,595,000	1,220,861	64,611	215,826	5,096,298
Unassigned	841,763				841,763
	<u>\$ 5,348,349</u>	<u>\$ 1,224,177</u>	<u>\$ 69,514</u>	<u>\$ 1,433,310</u>	<u>\$ 8,075,350</u>
	<u>\$ 5,534,436</u>	<u>\$ 1,306,175</u>	<u>\$ 115,824</u>	<u>\$ 1,628,863</u>	<u>\$ 8,585,298</u>

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

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

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

---

Fund balances - total governmental funds		\$ 8,075,350
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 governmental funds:		
Governmental capital assets	\$ 29,378,632	
Less accumulated depreciation	<u>(17,046,126)</u>	12,332,506
Deferred outflow of resources:		
Related to pensions	\$ 946,027	
Related to other postemployment benefits	<u>226,601</u>	1,172,628
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds -		
Accumulated absences		(215,649)
Deferred inflow of resources -		
Related to other postemployment benefits		(256,814)
Net pension liability		(7,483,312)
Net other postemployment asset		269,880
Internal Service Fund net assets are presented in the Statement of Net Position as a governmental activity, but are not included in the Combined Balance Sheet for Governmental Funds.		
		<u>2,280,262</u>
Net position of governmental activities		<u>\$ 16,174,851</u>

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	General	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 2,329,425			\$ 391,573	\$ 2,720,998
Licenses and permits	88,991				88,991
State sources	1,325,033	\$ 1,381,284	\$ 364,514	49,595	3,120,426
Federal sources	1,011,357			398,019	1,409,376
Contributions from local units				1,500	1,500
Fines and forfeits				16,983	16,983
Charges for services	313,140			83,127	396,267
Interest and rents	570,389			43,114	613,503
Other revenues	<u>189,170</u>			<u>57,123</u>	<u>246,293</u>
Total Revenues	\$ 5,827,505	\$ 1,381,284	\$ 364,514	\$ 1,041,034	\$ 8,614,337
<b>Expenditures:</b>					
Current:					
Legislative	\$ 36,357				\$ 36,357
General government	1,170,775			\$ 133,356	1,304,131
Public safety	1,115,715			149	1,115,864
Public works	203,944	\$ 809,510	\$ 623,467		1,636,921
Recreation and culture	313,923			145,393	459,316
Health and welfare	522,548			69,201	591,749
Other functions	46,510			640	47,150
Capital outlay	1,153,242	188,226	142,783	408,689	1,892,940
Debt Service				<u>177,026</u>	<u>177,026</u>
Total Expenditures	<u>\$ 4,563,014</u>	<u>\$ 997,736</u>	<u>\$ 766,250</u>	<u>\$ 934,454</u>	<u>\$ 7,261,454</u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS (CONTINUED)

	General	Major Street	Local Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,264,491	\$ 383,548	\$ (401,736)	\$ 106,580	\$ 1,352,883
Other financing sources (uses) - Operating transfers in (out)	<u>(433,862)</u>	<u>244,704</u>	<u>401,736</u>	<u>(212,578)</u>	<u>                    </u>
Excess (Deficiency) of Revenues and other Financing Sources Over Expenditures and Other Financing Uses	\$ 830,629	\$ 628,252	\$ 0	\$ (105,998)	1,352,883
Fund balance at July 1, 2024	<u>4,517,720</u>	<u>595,925</u>	<u>69,514</u>	<u>1,539,308</u>	<u>6,722,467</u>
FUND BALANCE AT JUNE 30, 2025	<u>\$ 5,348,349</u>	<u>\$ 1,224,177</u>	<u>\$ 69,514</u>	<u>\$ 1,433,310</u>	<u>\$ 8,075,350</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

---

Net change in fund balance - total governmental funds		\$ 1,352,883
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 depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 1,892,940	
Less current year depreciation	<u>(1,036,726)</u>	856,214
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
		172,000
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, those costs represent expenses of the current year. The net change from beginning to end of year does not affect the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.		
		53,333
In the Statement of Activities, operating expenses for pension and postemployment related items are measured by amounts earned during the year while the governmental funds report expenditures as amounts are paid. This year the amount paid for pension and postemployment related items was less than the amount earned.		
		373,987
Change in Net Position of the Internal Service Fund is reported in the Statement of Activities, but is not included in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.		
		<u>369,487</u>
Change in net position of governmental funds		<u>\$ 3,177,904</u>

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

COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Business-Type Activities				Governmental Activities			
	Enterprise Funds			Totals Enterprise Funds	Internal Service Funds			Total Internal Service Funds
	Major Funds		Nonmajor Fund		Major Fund	Nonmajor Fund		
Water Utility Fund	Sewer Utility Fund	Pat O'Donnell Civic Center Fund		Equipment Fund	Indirect Cost Pool - Health Insurance			
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ 1,112,298	\$ 278,086	\$ 183,696	\$ 1,574,080	\$ 451,290	\$ 11,093	\$ 462,383	
Investments	1,052,294	1,082,849		2,135,143	462,449		462,449	
Accounts receivable, less \$21,030 allowance for uncollectibles	207,467	195,585		403,052				
Federal grants receivable	1,547,992			1,547,992				
Other receivables	39,780	53,553	2,259	95,592				
Prepaid expenses	5,008	818	815	6,641	1,969		1,969	
Inventories	<u>217,237</u>	<u>62,843</u>		<u>280,080</u>				
Total Current Assets	\$ 4,182,076	\$ 1,673,734	\$ 186,770	\$ 6,042,580	\$ 915,708	\$ 11,093	\$ 926,801	
Capital Assets:								
Capital assets	\$ 25,736,686	\$ 18,882,405	\$ 5,265,128	\$ 49,884,219	\$ 5,264,677		\$ 5,264,677	
Less allowances for depreciation	<u>(8,750,661)</u>	<u>(4,206,842)</u>	<u>(595,284)</u>	<u>(13,552,787)</u>	<u>(3,112,893)</u>		<u>(3,112,893)</u>	
Construction in progress	<u>16,986,025</u>	<u>14,675,563</u>	<u>4,669,844</u>	<u>36,331,432</u>	<u>2,151,784</u>		<u>2,151,784</u>	
Total Capital Assets	\$ 33,714,823	\$ 15,244,631	\$ 4,669,844	\$ 53,629,298	\$ 2,151,784		\$ 2,151,784	
Other Assets:								
Investment in Gogebic-Iron Wastewater Authority		\$ 2,629,516		\$ 2,629,516				
Bond discount, net of amortization	\$ 1,870			1,870				
Restricted cash:								
Bond reserve accounts	369,312	255,600		624,912				
Bond redemption accounts	212,143	38,405		250,548				
Net other postemployment benefits asset	<u>135,936</u>	<u>135,936</u>		<u>271,872</u>				
Total Other Assets	\$ 719,261	\$ 3,059,457		\$ 3,778,718				
Total Assets	<u>\$ 38,616,160</u>	<u>\$ 19,977,822</u>	<u>\$ 4,856,614</u>	<u>\$ 63,450,596</u>	<u>\$ 3,067,492</u>	<u>\$ 11,093</u>	<u>\$ 3,078,585</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Related to pensions	\$ 142,422	\$ 56,463		\$ 198,885	\$ 58,991		\$ 58,991	
Related to other postemployment benefits	<u>1,322</u>	<u>1,322</u>		<u>2,644</u>				
Total Deferred Outflows of Resources	<u>\$ 143,744</u>	<u>\$ 57,785</u>	<u>\$ 0</u>	<u>\$ 201,529</u>	<u>\$ 58,991</u>	<u>\$ 0</u>	<u>\$ 58,991</u>	

COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds		
	Major Funds		Nonmajor Fund	Total Enterprise Funds	Major Fund	Nonmajor Fund	Total Internal Service Funds
	Water Utility	Sewer Utility	Pat O'Donnell Civic Center		Equipment Fund	Indirect Cost Pool - Health Insurance	
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable:							
Trade	\$ 169,372	\$ 10,687	\$ 5,090	\$ 185,149	\$ 18,446		\$ 18,446
Construction	1,745,557	278,734		2,024,291			
Payroll and related liabilities	17,336	8,260	2,143	27,739	5,511		5,511
Accrued interest	74,032	26,218		100,250			
Customer deposits	78,870			78,870			
Unearned revenues	103,749			103,749			
Current maturities on long-term debt	<u>351,320</u>	<u>183,320</u>		<u>534,640</u>	<u>48,536</u>		<u>48,536</u>
Total Current Liabilities	\$ 2,540,236	\$ 507,219	\$ 7,233	\$ 3,054,688	\$ 72,493	\$ 0	\$ 72,493
Long-term debt:							
Compensated absences	\$ 79,242	\$ 51,760	\$ 1,964	\$ 132,966	\$ 7,168		\$ 7,168
Revenue bonds	12,962,000	5,520,000		18,482,000			
Capital lease payable					359,553		359,553
Less portion included in current liabilities	(351,320)	(183,320)		(534,640)	(48,536)		(48,536)
Net pension liability	<u>1,126,592</u>	<u>446,637</u>		<u>1,573,229</u>	<u>466,636</u>		<u>466,636</u>
Total Noncurrent Liabilities	\$ 13,816,514	\$ 5,835,077	\$ 1,964	\$ 19,653,555	\$ 784,821	\$ 0	\$ 784,821
Total Liabilities	<u>\$ 16,356,750</u>	<u>\$ 6,342,296</u>	<u>\$ 9,197</u>	<u>\$ 22,708,243</u>	<u>\$ 857,314</u>	<u>\$ 0</u>	<u>\$ 857,314</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Related to other postemployment benefits	<u>\$ 31,495</u>	<u>\$ 31,495</u>	<u>\$ 0</u>	<u>\$ 62,990</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET POSITION</b>							
Net Position:							
Net invested in capital assets	\$ 19,007,266	\$ 9,445,897	\$ 4,669,844	\$ 33,123,007	\$ 1,792,231		\$ 1,792,231
Restricted	717,391	429,941		1,147,332	291,112	\$ 11,093	\$ 302,205
Unrestricted	<u>2,647,002</u>	<u>3,785,978</u>	<u>177,573</u>	<u>6,610,553</u>	<u>185,826</u>		<u>185,826</u>
Total Net Position	<u>\$ 22,371,659</u>	<u>\$ 13,661,816</u>	<u>\$ 4,847,417</u>	<u>\$ 40,880,892</u>	<u>\$ 2,269,169</u>	<u>\$ 11,093</u>	<u>\$ 2,280,262</u>

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

COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - PROPRIETARY FUNDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds		
	Major Funds		Nonmajor Fund	Total Enterprise Funds	Major Fund	Nonmajor Fund	Total Internal Service Funds
	Water Utility	Sewer Utility	Pat O'Donnell Civic Center		Equipment Fund	Indirect Cost Pool - Health Insurance	
	Water Utility	Sewer Utility	Pat O'Donnell Civic Center	Equipment Fund	Indirect Cost Pool - Health Insurance	Total Internal Service Funds	Total Internal Service Funds
Operating revenues:							
Charges for services	\$ 2,838,402	\$ 2,534,316	\$ 211,077	\$ 5,583,795	\$ 840,187	\$ 275,777	\$ 1,115,964
Other	<u>7,890</u>		<u>2,649</u>	<u>10,539</u>			
	\$ 2,846,292	\$ 2,534,316	\$ 213,726	\$ 5,594,334	\$ 840,187	\$ 275,777	\$ 1,115,964
Operating expenses:							
Personnel services	\$ 609,689	\$ 369,820	\$ 110,330	\$ 1,089,839	\$ 192,967	\$ 265,244	\$ 458,211
Purchases of services	2,347,763	1,255,686	106,896	3,710,345	177,770		177,770
Materials and supplies	185,865	66,022	178,311	430,198	214,950		214,950
Bad debt expense	3,036	3,591		6,627			
Provision for depreciation and amortization	<u>403,302</u>	<u>270,649</u>	<u>113,211</u>	<u>787,162</u>	<u>302,330</u>		<u>302,330</u>
	<u>\$ 3,549,655</u>	<u>\$ 1,965,768</u>	<u>\$ 508,748</u>	<u>\$ 6,024,171</u>	<u>\$ 888,017</u>	<u>\$ 265,244</u>	<u>\$ 1,153,261</u>
Operating Income (Loss)	\$ (703,363)	\$ 568,548	\$ (295,022)	\$ (429,837)	\$ (47,830)	\$ 10,533	\$ (37,297)
Nonoperating revenues (expenses):							
Interest earned	\$ 51,540	\$ 45,237		\$ 96,777	\$ 22,388	\$ 560	\$ 22,948
Property taxes			\$ 113,160	113,160			
Debt service interest	(216,534)	(113,573)		(330,107)	(20,769)		(20,769)
Federal grants	11,672,010			11,672,010			
Other capital grants		50,000		50,000			
Donations			3,469	3,469	291,112		291,112
Gain on sale of assets					52,192		52,192
Miscellaneous income	39,780		262	40,042	4,256		4,256
Insurance proceeds		<u>3,553</u>	<u>112,102</u>	<u>115,655</u>	<u>57,045</u>		<u>57,045</u>
	<u>\$ 11,546,796</u>	<u>\$ (14,783)</u>	<u>\$ 228,993</u>	<u>\$ 11,761,006</u>	<u>\$ 406,224</u>	<u>\$ 560</u>	<u>\$ 406,784</u>
Change in Net Position	\$ 10,843,433	\$ 553,765	\$ (66,029)	\$ 11,331,169	\$ 358,394	\$ 11,093	\$ 369,487
Net position at July 1, 2024	<u>11,528,226</u>	<u>13,108,051</u>	<u>4,913,446</u>	<u>29,549,723</u>	<u>1,910,775</u>		<u>1,910,775</u>
NET POSITION AT JUNE 30, 2025	<u>\$ 22,371,659</u>	<u>\$ 13,661,816</u>	<u>\$ 4,847,417</u>	<u>\$ 40,880,892</u>	<u>\$ 2,269,169</u>	<u>\$ 11,093</u>	<u>\$ 2,280,262</u>

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds		
	Major Funds		Nonmajor Fund	Total Enterprise Funds	Equipment Fund	Indirect Cost Pool - Health Insurance	Total Internal Service Funds
	Water Utility	Sewer Utility	Pat O'Donnell Civic Center				
Cash flows from operating activities:							
Cash received from customers	\$ 2,825,958	\$ 2,527,766	\$ 213,548	\$ 5,567,272	\$ 840,187	\$ 275,777	\$ 1,115,964
Cash paid to employees and suppliers for goods and services	(3,093,130)	(1,647,426)	(400,900)	(5,141,456)	(570,656)	(265,244)	(835,900)
Net Cash Provided by (Used in) Operating Activities	\$ (267,172)	\$ 880,340	\$ (187,352)	\$ 425,816	\$ 269,531	\$ 10,533	\$ 280,064
Cash flows from noncapital and related financing activities-							
Cash received from property tax levies			113,160	113,160			
Cash flows from capital and related financing activities:							
Acquisition and construction of property and equipment	\$ (10,120,635)	\$ (391,795)	\$ (15,726)	\$ (10,528,156)	\$ (423,871)		\$ (423,871)
Principal paid on long-term debt	(304,000)	(140,000)		(444,000)	(39,429)		(39,429)
Interest paid on long-term debt	(218,255)	(114,241)		(332,496)	(20,769)		(20,769)
Proceeds from borrowing	1,103,000			1,103,000			
Insurance proceeds received			112,102	112,102	61,301		61,301
Proceeds from the sale of assets					66,795		66,795
Donations received			3,731	3,731	291,112		291,112
Federal grants received	10,783,988			10,783,988			
Other grants received	47,700			47,700			
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ 1,291,798	\$ (646,036)	\$ 100,107	\$ 745,869	\$ (64,861)	\$ 0	\$ (64,861)
Cash flows from investing activities:							
Interest earned	\$ 51,540	\$ 45,237		\$ 96,777	\$ 22,388	\$ 560	\$ 22,948
Net change in investments	(531,068)	(532,484)		(1,063,552)	77,612		77,612
Net Cash Provided by (Used in) Investing Activities	\$ (479,528)	\$ (487,247)	\$ 0	\$ (966,775)	\$ 100,000	\$ 560	\$ 100,560
Net Increase (Decrease) in Cash	\$ 545,098	\$ (252,943)	\$ 25,915	\$ 318,070	\$ 304,670	\$ 11,093	\$ 315,763
Cash and cash equivalents at July 1, 2024	1,148,655	825,034	157,781	2,131,470	146,620		146,620
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2025</b>	<u>\$ 1,693,753</u>	<u>\$ 572,091</u>	<u>\$ 183,696</u>	<u>\$ 2,449,540</u>	<u>\$ 451,290</u>	<u>\$ 11,093</u>	<u>\$ 462,383</u>

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds		
	Major Funds		Nonmajor Fund	Total Enterprise Funds	Equipment Fund	Indirect Cost Pool - Health Insurance	Total Internal Service Funds
	Water Utility	Sewer Utility	Pat O'Donnell Civic Center				
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (703,363)	\$ 568,548	\$ (295,022)	\$ (429,837)	\$ (47,830)	10,533	\$ (37,297)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	\$ 403,302	\$ 270,649	\$ 113,211	\$ 787,162	\$ 302,330		\$ 302,330
Related to pensions and other postemployment benefits	(12,002)	12,296	(8,459)	(8,165)	(14,418)		(14,418)
(Increase) decrease in current assets:							
Accounts receivable	(23,338)	(2,958)	(178)	(26,474)			
Prepaid expense	6,279	2,804	162	9,245	5,771		5,771
Inventories	8,802	35,245		44,047			
Increase (decrease) in liabilities:							
Trade accounts payable	40,842	2,375	(1,173)	42,044	12,577		12,577
Salaries payable	17,336	8,260	2,143	27,739	5,511		5,511
Customer deposits	3,004			3,004			
Compensated absences	(8,034)	(16,879)	1,964	(22,949)	5,590		5,590
Total adjustments	\$ 436,191	\$ 311,792	\$ 107,670	\$ 855,653	\$ 317,361	\$ 0	\$ 317,361
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (267,172)	\$ 880,340	\$ (187,352)	\$ 425,816	\$ 269,531	\$ 10,533	\$ 280,064
Supplemental schedule of noncash financing activities:							
Construction in progress financed with accounts payable	\$ 1,745,557	\$ 278,734					

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

COMBINED STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Pension Trust Funds	Retiree Healthcare Fund	Agency Fund	Total
ASSETS				
Cash	\$ 157,227	\$ 48,678	\$ 3,003	\$ 208,908
Investments		1,875,892		1,875,892
Delinquent property taxes receivable	12,270	2,430		14,700
Other receivables		433		433
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 169,497</u>	<u>\$ 1,927,433</u>	<u>\$ 3,003</u>	<u>\$ 2,099,933</u>
LIABILITIES				
Liabilities -				
Due to General Fund			<u>\$ 3,003</u>	<u>\$ 3,003</u>
NET POSITION				
Net position held in trust for:				
Pension benefits	\$ 169,497			\$ 169,497
Post-employment health care benefits	<u>          </u>	<u>\$ 1,927,433</u>	<u>          </u>	<u>1,927,433</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Net Position	<u>\$ 169,497</u>	<u>\$ 1,927,433</u>	<u>\$ 0</u>	<u>\$ 2,096,930</u>

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

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PENSION TRUST FUNDS  
CITY OF IRONWOOD, MICHIGAN  
Year ended June 30, 2025

---

Additions:		
Property taxes		\$ 652,250
Contributions		<u>720,135</u>
	Total Additions	\$ 1,372,385
Deductions:		
Transfer to Municipal Employees' Retirement System		<u>1,475,647</u>
	Net Decrease	\$ (103,262)
Net position held in trust at July 1, 2024		<u>272,759</u>
	NET POSITION HELD IN TRUST AT JUNE 30, 2025	<u>\$ 169,497</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - RETIREE HEALTHCARE FUND

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

---

Additions:

Contributions -		
Employee contributions	\$	12,378
Property taxes		99,290
Investment income -		
Net increase in fair value of investments		<u>168,458</u>

Total Additions \$ 280,126

Deductions:

Administrative expense	\$	7,825
Post-retirement healthcare benefits		<u>136,616</u>
		<u>144,441</u>

Net Increase \$ 135,685

Net position held in trust for post-employment healthcare  
benefits at July 1, 2024

1,791,748

NET POSITION HELD IN TRUST FOR  
POST-EMPLOYMENT HEALTHCARE  
BENEFITS AT JUNE 30, 2025

\$ 1,927,433

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - AGENCY FUND

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

---

Additions:	
Taxes collected for other governments	\$ 6,920,773
Deductions:	
Payment of taxes collected for other governments	<u>6,920,773</u>
	\$ 0
Net position at July 1, 2024	<u>0</u>
	NET POSITION AT JUNE 30, 2025 <u>\$ 0</u>

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

NOTES  
TO  
FINANCIAL  
STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

### CITY OF IRONWOOD, MICHIGAN

June 30, 2025

---

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Ironwood, Michigan operates under an elected City Commission. The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the City's accounting policies are described below.

##### Financial Reporting Entity

The financial statements of the reporting entity include those of City of Ironwood (primary government) and its component unit as required by generally accepted accounting principles.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The component unit discussed below is included in the City's reporting entity as a discretely presented component unit because of the significance of its operational or financial relationships with the City. This component unit is reported in a separate column to emphasize that it is legally separate from the City.

Ironwood Housing Commission - The Commission is located within the City's boundaries and provides affordable housing to low to moderate income level individuals. The members of the governing board of the Ironwood Housing Commission are all appointed by the City Manager and confirmed by the City Commission, the Housing Commission is required to make annual payments in lieu of taxes in amounts established by the City Commission, and employees of the Housing Commission are considered to be employees of the City of Ironwood. Separate financial statements for the Ironwood Housing Commission may be obtained at its administrative offices at 515 East Vaughn Street, Ironwood, Michigan.

A wastewater system constructed in part within the City's boundaries is provided to citizens through a regional wastewater authority. The financial statements of the City do not include the wastewater authority, which operates autonomously under an intergovernmental service agreement; however, the City's investment in the wastewater authority is accounted for in the Sewer Utility Fund.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation

##### Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the City except for the fiduciary activities. All of the City's activities are considered to be governmental activities or business-type activities. Interfund activity including operating transfers between activities and amounts due to and from activities has been eliminated in the government-wide financial statements.

##### Fund-based Financial Statements

Separate financial statements are provided for on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental, business-type activities, as well as fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or nonmajor funds. The City reports the following major funds:

General Fund – the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund – used to account for the financial transactions of the City's major street system.

Local Street Fund – used to account for the financial transactions of the City's local street system.

Water Utility Fund – used to account for the financial transactions of the water utility system.

Sewer Utility Fund – used to account for the financial transactions of the sewer utility system.

Equipment Fund – used to account for the financial transactions of the City's equipment provided to other departments and funds on a cost-reimbursement basis.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

All other funds are considered to be nonmajor. They include:

Pat O'Donnell Civic Center Fund - is used to account for operations of the civic center.

Internal Cost Pool – Health Insurance Fund – is used to account for health insurance for all funds.

Special Revenue Funds - are used by the City to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for others.

#### Basis of Accounting

##### Government-wide Financial Statements

The Government-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses and gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the City's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the City provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes and state and federal grant revenues that are not program revenues are reported as general revenues. Internal Service Funds charges to other funds and expenses paid are eliminated from the Statement of Activities.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

##### Fund-based Financial Statements

Governmental fund types use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Revenues are available when they are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The City considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Property tax revenues are recognized as revenue when they are levied, with proper allowances made for estimated uncollectible accounts and delinquent accounts. Other tax revenues, fees and nontax revenues are recognized when received. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

##### Proprietary, Internal Service and Fiduciary Fund Financial Statements

Proprietary fund types, Internal Service Funds and Fiduciary Funds use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises. Revenues are recorded when earned and expenses are recorded when incurred.

Operating revenues of Proprietary and Internal Service funds include charges for services. Nonoperating revenues include property taxes, interest earned and federal and state grant revenues.

#### Granting of Credit

The governmental fund types grant credit to the State of Michigan and various local units of government and individuals in the western Upper Peninsula of Michigan. The City also extends credit to its Enterprise Fund customers on a routine basis. In addition, the City has loaned monies to various individuals, partnerships and corporations explained in Note E.

#### Cash and Cash Equivalents

Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. For purposes of the Statement of Cash Flows, cash includes all cash equivalents with an original maturity of three months or less.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments

City funds are invested by the City Treasurer in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, with the objectives of safety of principal, diversification, liquidity and return on investment. State statutes and the City Charter authorize the City to invest in bonds, securities and other obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States and in commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The City is also authorized to invest in repurchase agreements that shall be negotiated only with dealers or financial institutions with whom the City has negotiated a Master Repurchase Agreement, bankers' acceptances of U.S. banks, mutual funds registered under the Investment Company Act of 1940 that maintain a \$1 per share net asset value and investment pools organized under the surplus funds investment pool act or local government investment pool act. Investments are stated at fair market 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.

#### Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the Statement of Net Position, interfund receivables and payables between funds classified as governmental activities and funds classified as business-type activities have been eliminated.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet 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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City recognizes deferred outflows for pension and other postemployment related items which are expensed in the plan year in which it applies.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has future resources yet to be recognized in relation to the pension and other postemployment actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. In addition, the City reports unavailable revenue from leases. These amounts are long-term leases entered into by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

#### Pension and Other Postemployment Benefit Plans

For purposes of measuring the Net Pension and Other Postemployment Benefit Liability (Asset), deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and the City of Ironwood Retiree Health Care Plan and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

The provision for pension and other postemployment benefits costs are recorded on the accrual basis, and the City's policy is to fund these costs according to actuarial valuations.

#### Interest Receivable

Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

#### Inventories

Inventories for all funds are valued the lower of cost or net realizable value.

#### Other Assets

Other assets held are recorded and accounted for at cost.

#### Restricted Cash and Investments

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of restricted resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets and Depreciation

Capital assets, including land and improvements, buildings, furniture and fixtures, equipment, vehicles, library books and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the Government-wide financial statements. Capital assets are defined by the City as assets with an acquisition cost of generally more than \$5,000 or betterments more than \$50,000 with an estimated useful life of five or more years. Assets meeting these criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. Interest on debt obligations for construction projects over one year is capitalized as part of the cost of the project. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense.

The expense is recorded in the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the asset's sole purpose can be identified as being for the function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function. It is the City's policy to not charge depreciation expense for governmental activities to any function.

The capital assets are depreciated using the straight-line method over the following useful lives:

Land	Not depreciated
Land improvements	20 years
Buildings	25-50 years
Furniture, fixtures and other equipment	5-20 years
Vehicles	5-10 years
Library books	5 years
Roads	5-30 years
Other infrastructure	12-80 years

#### Impairment of Long-lived Assets

Management reviews long-lived assets held and used by the City for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

#### Long-Term Debt

The City reports long-term debt and other long-term obligations in the Government-wide Statement of Net Position. Amounts are recorded at face value along with any accrued interest to June 30, 2025.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property Tax Revenues

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Allowances are made for estimated uncollectible delinquent accounts.

Property taxes attach as an enforceable lien on property as of December 31. City and School taxes are levied on the ensuing July 1, and County taxes are levied on July 1 and December 1. The City bills and collects its own property taxes and also collects current rolls for the County, State, School District and Intermediate School District.

Delinquent real property taxes of the City are purchased annually by the County of Gogebic.

#### Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

#### Net Investment in Capital Assets

This is the portion of net position of the City that consists of capital assets, net of accumulated depreciation and reduced by liabilities attributable to the acquisition, construction or improvement of those assets.

#### Restricted Net Position

Net position is restricted when there are constraints placed on their use by external parties or by statute.

#### Unrestricted Net Position

Net position not meeting either category above is considered unrestricted.

#### Fund Balance Policies

Fund balance measures the net financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The City's Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a margin of safety to address local emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the City Commission. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Balance Policies (Continued)

Fund Balances of the City may be committed for a specific purpose by formal action of the Commission. Amendments or modifications to the Committed Fund Balance must also be approved by formal action of the Commission. Committed Fund Balance does not lapse at year end.

The Commission delegates authority to assign fund balance for a specific purpose to the Finance Director and/or City Manager. Assigned Fund Balance does not lapse at year end.

Restricted Fund Balances are those amounts that can only be spent for the specific purposes stipulated by external resource providers.

Nonspendable Fund Balances include amounts that are not in a spendable form. The City reports inventories and prepaid expenses as Nonspendable Fund Balances.

For purposes of fund balance classification, expenditures are to be spent from Restricted Fund Balance first (when appropriate), followed in order by Committed Fund Balance, Assigned Fund Balance and lastly, Unassigned Fund Balance.

#### Budget

Formal budgetary accounting is employed as a management control for all funds of the City; however, legal budgets are adopted only for the General, Special Revenue, and Debt Service Funds. Thus, the budgetary financial statements included in this report do not include proprietary funds or fiduciary funds. For each fund for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

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

1. Prior to July 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayers' comments.
3. Prior to July 1, the budget is legally enacted at the regular monthly meeting by City Commission adoption of a resolution authorizing a General Appropriation Act for the fiscal year.
4. Any revisions to the budgeted amounts are approved by the City Commission.
5. Budgeted amounts are as originally adopted, plus amendments made on or before June 30, by the City Commission.
6. The budget expires on June 30 of the budget year.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

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

#### Leases

The City is a lessor for noncancelable leases of building space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement date of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payment received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

#### Subsequent Events

Subsequent events have been evaluated through December 29, 2025, the date the financial statements were available to be issued.

### NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Public Act 275 of 1980 Disclosure

The City did not have any funds with a fund balance deficit at June 30, 2025.

The Governmental activities did not report a deficit in net position at June 30, 2025.

#### Public Act 621 of 1978 Disclosure

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the City's actual expenditures and appropriations have been shown on a functional basis. The approved budgets for the City for these budgetary funds were also adopted on the functional level.

During the year ended June 30, 2025, the City monitored and amended its budget and was in substantial compliance with the Act.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Compliance with Bond Covenants

Revenue bond ordinances issued by the Water Utility and Sewer Utility Funds require the City to segregate receipts to establish several reserve accounts. Following is a summary of required reserves at June 30, 2025:

	<u>June 30, 2025</u>
	<u>Required Reserve</u>
2010 Water Supply System Revenue Bonds:	
Bond Redemption Account	\$ 35,925
Bond Reserve Account	50,500
2010 Sewage Disposal System Revenue Bonds:	
Bond Redemption Account	27,431
Bond Reserve Account	39,000
2014 Water Supply System Revenue Bonds:	
Bond Reserve Account	211,600
2014 Sewage Disposal System Revenue Bonds:	
Bond Reserve Account	204,600
2017 Water Supply System Revenue Bonds:	
Bond Redemption Account	73,053
Bond Reserve Account	74,400
2017 Sewage Disposal System Revenue Bonds:	
Bond Redemption Account	10,974
Bond Reserve Account	12,000
2023 Water Supply System Revenue Bonds:	
Bond Redemption Account	103,165
Bond Reserve Account	32,812
	<u>\$ 875,460</u>

At June 30, 2025 all required reserve accounts have been funded.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE C – CASH AND INVESTMENT INFORMATION

#### Cash and Cash Equivalents

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately presented on the balance sheet as “Cash and cash equivalents” and “Restricted cash”. Total deposits in financial institutions of the primary government at June 30, 2025, totaled \$5,409,833 all of which was covered by depository insurance. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City places its deposits with, what it believes to be, high quality financial institutions and in the opinion of the City, are subject to minimal risk.

All deposits at June 30, 2025, were made in accordance with State of Michigan statutes and under authorization of the City Commission.

#### Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City’s investing activities are managed under the custody of the City Treasurer. All investments were made in accordance with State of Michigan statutes and under authorization of the City Commission. Investments are stated at fair market value.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. All of the City’s investments are insured or registered or for which the securities are held by the City or its agent in the City’s name.

Concentration of credit risk is the risk that an issuer or other counter party will not fulfill its obligations and the City will not recover the value of the investments. The City believes the Michigan CLASS and MERS Total Market Portfolio are subject to minimal concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE C – CASH AND INVESTMENT INFORMATION (CONTINUED)

At June 30, 2025, the City’s reporting entity had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality Rating (1)</u>	<u>Effective Duration (2)</u>	<u>Weighted Average Days to Maturity (2)</u>
Primary Government - Michigan CLASS	\$7,679,329	\$7,679,329	AAAm	N/A	30
Fiduciary Funds:					
Retiree Healthcare Fund - MERS Total Market Portfolio	<u>1,875,892</u>	<u>1,875,892</u>	N/A	N/A	N/A
Total Investments	<u>\$9,555,221</u>	<u>\$9,555,221</u>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using either duration or weighted average months to maturity depending on the respective policy. Amounts are shown in months except as otherwise noted. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivables were comprised of the following at June 30, 2025:

PRIMARY GOVERNMENT

General:

Delinquent taxes	\$ 47,927	
State of Michigan	149,298	
Federal government	18,575	
Other	<u>180,646</u>	
	\$ 396,446	
Less allowances for uncollectibles	<u>(11,982)</u>	\$ 384,464

Major Street -

State of Michigan		143,479
-------------------	--	---------

Local Street -

State of Michigan		50,303
-------------------	--	--------

Nonmajor Governmental Funds:

Customer accounts and local units of government	\$ 22,168	
Federal government	178,422	
Delinquent taxes	<u>2,682</u>	203,272

Enterprise:

Customer accounts	\$ 424,082	
Federal government	1,547,992	
Other	95,592	
Less allowances for uncollectibles	<u>(21,030)</u>	2,046,636

Fiduciary -

Delinquent taxes	\$ 14,700	
Other	<u>433</u>	<u>15,133</u>

Total Primary Government \$ 2,843,287

COMPONENT UNIT - Customer accounts

32,154

Total \$ 2,875,441

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE E – NOTES RECEIVABLE

Special Revenue Funds

Notes receivable included in assets of the Special Revenue Fund consisted of the following at June 30, 2025:

Economic Development Fund -

Six notes receivable from individuals, corporations and limited liability companies, at varying interest rates from 5% to 7%, and collateralized by security interests in real and personal property and by personal guarantees. \$183,434

Principal and interest collected on the notes receivable included in the Economic Development Fund is restricted for economic development purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F – CAPITAL ASSETS

Changes in primary governmental and component unit capital assets are summarized below:

	Balance at July 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at June 30, <u>2025</u>
<b>PRIMARY GOVERNMENT</b>				
<u>Governmental Activities</u>				
Land (not depreciated)	\$ 363,166			\$ 363,166
Buildings and improvements	12,998,495			12,998,495
Machinery and equipment	701,061	\$ 18,575		719,636
Office equipment and furniture	374,186			374,186
Vehicles	874,662	1,072,353	\$ 32,544	1,914,471
Library books	331,419	13,670	16,432	328,657
Infrastructure	<u>11,713,614</u>	<u>262,123</u>	<u>                    </u>	<u>11,975,737</u>
	\$ 27,356,603	\$ 1,366,721	\$ 48,976	\$ 28,674,348
Less accumulated depreciation	(16,058,377)	(1,036,725)	(48,976)	(17,046,126)
Construction in progress	<u>178,064</u>	<u>629,472</u>	<u>103,252</u>	<u>704,284</u>
Net	\$ 11,476,290	\$ 959,468	\$ 103,252	\$ 12,332,506
<u>Internal Service Fund</u>				
Rental equipment	\$ 4,886,383	\$ 718,050	\$ 339,756	\$ 5,264,677
Less accumulated depreciation	<u>(3,135,716)</u>	<u>(302,330)</u>	<u>(325,153)</u>	<u>(3,112,893)</u>
Net	<u>\$ 1,750,667</u>	<u>\$ 415,720</u>	<u>\$ 14,603</u>	<u>\$ 2,151,784</u>
Total Governmental Activities	\$ 13,226,957	\$ 1,375,188	\$ 117,855	\$ 14,484,290

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F – CAPITAL ASSETS (CONTINUED)

	Balance at July 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at June 30, <u>2025</u>
<u>Proprietary Activities</u>				
<u>Major Funds</u>				
Water Utility Fund:				
Land and land rights (not depreciated)	\$ 38,701			\$ 38,701
Water production and distribution plant	<u>25,545,505</u>	\$ 152,480		<u>25,697,985</u>
	\$ 25,584,206	\$ 152,480	\$ 0	\$ 25,736,686
Less accumulated depreciation	(8,348,943)	(401,718)		(8,750,661)
Construction in progress	<u>6,057,207</u>	<u>10,671,591</u>		<u>16,728,798</u>
Net	\$ 23,292,470	\$ 10,422,353	\$ 0	\$ 33,714,823
Sewer Utility Fund:				
Land and land rights (not depreciated)	\$ 7,600			\$ 7,600
Sewage transmission	<u>18,757,522</u>	\$ 117,283		<u>18,874,805</u>
	\$ 18,765,122	\$ 117,283	\$ 0	\$ 18,882,405
Less accumulated depreciation	(3,936,193)	(270,649)		(4,206,842)
Construction in progress	<u>15,822</u>	<u>564,173</u>	\$ 10,927	<u>569,068</u>
Net	\$ 14,844,751	\$ 410,807	\$ 10,927	\$ 15,244,631
Pat O'Donnell Civic Center Operations Fund:				
Civic Center building and equipment	\$ 5,249,401	\$ 15,727		\$ 5,265,128
Less accumulated depreciation	<u>(482,073)</u>	<u>(113,211)</u>		<u>(595,284)</u>
Net	\$ 4,767,328	(97,484)		\$ 4,669,844
Total Proprietary Funds Activities	\$ 42,904,549	\$ 10,735,676	\$ 10,927	\$ 53,629,298
Total Primary Government	\$ 56,131,506	\$ 12,110,864	\$ 128,782	\$ 68,113,588
 <u>COMPONENT UNIT</u>				
Housing Commission:				
Land	\$ 422,047			\$ 422,047
Building and improvements	10,387,249	\$ 121,343		10,508,592
Equipment	<u>234,222</u>	<u>17,370</u>		<u>251,592</u>
	\$ 11,043,518	\$ 138,713	\$ 0	\$ 11,182,231
Less accumulated depreciation	(8,411,320)	(247,841)		(8,659,161)
Construction in progress	<u>22,095</u>		\$ 22,095	<u>22,095</u>
Total Component Unit	\$ 2,654,293	\$ (109,128)	\$ 0	\$ 2,523,070
	<u>\$ 58,785,799</u>	<u>\$ 12,001,736</u>	<u>\$ 150,877</u>	<u>\$ 70,636,658</u>

Land and construction in progress are the only capital assets that are not depreciated. The City's capital asset records do not separate accumulated depreciation by capital asset type.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE F – CAPITAL ASSETS (CONTINUED)

#### Construction in Progress

The City had construction in progress activity on the following projects during the year ended June 30, 2025:

- The Water Utility Fund continued construction of a new water pump station (Phase I), incurring costs of \$11,290,112 through June 30, 2025. The total cost is estimated to be \$11,572,000 to be financed with \$5,800,000 of loans and \$5,772,000 of grant funding. Construction is expected to be completed in the year ending June 30, 2026.
- The Water Utility Fund continued construction of a new water treatment facility (Phase II), incurring costs of \$3,426,322 through June 30, 2025. The total cost is estimated to be \$11,400,000 to be financed with 100% grant funding. Construction is expected to be completed in the year ending June 30, 2026.
- The Water and Sewer Utility Funds continued a shared water/sewer main reconstruction project (Phase V) that incurred \$2,012,364 of water and \$569,068 of sewer costs as of June 30, 2025. A grant of \$11,021,000 was awarded to fund 100% of the water portion. The City has been awarded funding from USDA Rural Development to fund the Sewer portion, which will consist of a grant for \$3,348,000 and a loan for \$1,540,000. This project also consists of locally funded improvements to City streets and sidewalks with a total estimated cost of \$485,528, with costs of \$142,784 incurred through June 30, 2025. This project will be completed in year ending June 30, 2026.
- The City continued work on the Beltline Phase 1 Trail Acquisition Project, incurring costs of \$14,592 through June 30, 2025. Completion of the project is expected in the year ending June 30, 2026, with total project costs expected to be \$73,000.
- The City incurred costs of \$82,340 for electrical upgrades at the Curry Park Campground. The estimated cost of the project is \$130,000. The project is expected to be completed in the year ending June 30, 2026. Funding for the project is a combination of federal ARPA funds, DNR Grant, and local funds.
- The City incurred costs of \$5,179 for a water service line project at Riverside Cemetery. The estimated cost of this locally funded project is \$30,000. The project is expected to be completed in the year ending June 30, 2026.
- The City began a street reconstruction project on Superior Street, incurring costs of \$55,782 through June 30, 2025. The total cost of the project is estimated to be \$575,000, to be funded by a \$384,000 federal grant, with the remainder to be funded by the City. The project is expected to be completed in the year ending June 30, 2026.
- The City's Ironwood Carnegie Library began a building addition project, incurring costs of \$403,607 through June 30, 2025. The project is being funded by a \$750,000 Michigan Community Center Grant, along with \$17,000 in local funds. The project is expected to be completed in the year ending June 30, 2026.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G – LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Balance at July 1, <u>2024</u>	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, <u>2025</u>	Amount Due Within <u>One Year</u>
<b>PRIMARY GOVERNMENT</b>					
<u>Governmental Activities</u>					
Direct borrowing and direct placement:	\$ 172,000		\$ 172,000	\$ 0	
Capital Improvement Bonds					
Capital lease payable		\$ 398,982	39,429	359,553	\$ 48,536
Compensated absences**	<u>268,982</u>	<u>          </u>	<u>53,333</u>	<u>215,649</u>	<u>          </u>
Total Governmental Activities	\$ 440,982	\$ 398,982	\$ 264,762	\$ 575,202	\$ 48,536
<u>Proprietary Activities</u>					
Direct borrowing and direct placements -					
Revenue and Refunding Bonds	\$ 17,823,000	\$ 1,103,000	\$ 444,000	\$ 18,482,000	\$ 452,000
Compensated absences**	<u>155,915</u>	<u>          </u>	<u>22,949</u>	<u>132,966</u>	<u>82,640</u>
Total Proprietary Activities	\$ 17,978,915	\$ 1,103,000	\$ 466,949	\$ 18,614,966	\$ 534,640
<u>Internal Service Fund</u>					
Compensated absences**	\$ 1,578	\$ 5,590		\$ 7,168	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,421,475</b>	<b>\$ 1,507,572</b>	<b>\$ 731,711</b>	<b>\$ 19,197,336</b>	<b>\$ 583,176</b>
<b>COMPONENT UNIT</b>					
Compensated absences**	<u>\$ 27,880</u>	<u>\$ 29,016</u>	<u>          </u>	<u>\$ 56,896</u>	<u>\$ 28,162</u>
	<u><u>\$ 18,449,355</u></u>	<u><u>\$ 1,536,588</u></u>	<u><u>\$ 731,711</u></u>	<u><u>\$ 19,254,232</u></u>	<u><u>\$ 611,338</u></u>

The Capital Improvement Bonds recorded in the governmental activities are paid by the Debt Service Fund with funds from a property tax levy. The capital lease payable is paid by the Equipment (Internal Service) Fund. The revenue and refunding bonds recorded in the proprietary activities are paid by users of the Water and Sewer Funds according to various bond ordinances. Compensated absences are paid by various funds as described in the compensated absences footnote below.

\*\*The change in compensated absences liability for the year ended June 30, 2025 is presented as a net change.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G – LONG-TERM DEBT (CONTINUED)

The aggregate amounts of long-term debt principal and interest maturities (excluding accumulated compensated absences) for the five years ending June 30, 2030, and in five-year increments thereafter until maturity are:

	Direct Borrowing and Direct Placements					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 48,536	\$ 23,701	\$ 72,237	\$ 452,000	\$ 328,436	\$ 780,436
2027	52,039	20,198	72,237	460,000	320,436	780,436
2028	55,795	16,442	72,237	469,000	312,165	781,165
2029	59,823	12,414	72,237	478,000	303,739	781,739
2030	64,141	8,096	72,237	484,000	295,157	779,157
2031-2035	79,219	3,570	82,789	2,570,000	1,341,230	3,911,230
2036-2040				2,819,000	1,100,022	3,919,022
2041-2045				3,090,000	834,424	3,924,424
2046-2050				3,231,000	541,826	3,772,826
2051-2055				2,541,000	254,861	2,795,861
2056-2060				1,161,000	88,548	1,249,548
2061-2064				727,000	19,360	746,360
	<u>\$ 359,553</u>	<u>\$ 84,421</u>	<u>\$ 443,974</u>	<u>\$ 18,482,000</u>	<u>\$ 5,740,204</u>	<u>\$ 24,222,204</u>

Compensated Absences

The City has reported a \$215,649, \$132,966 and \$7,168 liability for accumulated unpaid vacation, sick pay and personal leave and related fringe benefits in its governmental, proprietary and internal service activities, respectively at June 30, 2025. The City has reported a \$56,896 liability for compensated absences in its Component Unit at June 30, 2025.

The City reports the compensated absence liability for governmental fund employees in the governmental activities and proprietary fund employees as a liability in the business-type activities in the government-wide financial statements. Amounts expected to be paid to employees at year-end are recorded as a liability in the financial statements of the fund which will pay for the compensated absences in the fund-based financial statements.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE G – LONG-TERM DEBT (CONTINUED)

#### Compensated Absences (Continued)

Following is a summary of employment policies related to compensated absences:

General City Operations - For employees hired on or before July 1, 1994, sick leave is earned at 4 hours per pay period, with 2,080 hours maximum accumulation. Upon death or retirement, employees receive all unused sick leave and are paid at their current rate of pay. Upon termination other than death or retirement, employees receive 50 percent of unused sick leave.

For employees hired after July 1, 1994, sick leave is earned at 4 hours per pay period, with 2,080 hours maximum accumulation. Employees receive 50 percent of unused sick leave up to 800 hours upon termination, including death or retirement.

Public Safety Officers - Sick leave is earned at 4 hours per pay period, with no limitation maximum accumulation. Employees receive 50 percent of unused sick leave up to 800 hours upon termination, including death or retirement.

For several management employees, sick leave is earned at 4 hours per pay period with maximum accumulation as specified in individual employment agreements. Upon termination, these employees receive no accumulated sick leave benefits.

Vacation leave is earned at varying rates, depending upon length of service. At termination, employees receive all unused vacation leave and are paid at their current rate of pay.

Other Fringe Benefits - Included in compensated absences liability are the related social security and retirement costs.

### NOTE H – BONDS AND NOTES PAYABLE

#### 2015 Capital Improvement Bonds

On May 14, 2015, the City issued \$1,557,000 of 2015 Capital Improvement Bonds, to finance capital projects. The bonds are limited tax general obligation bonds issued under provisions of Act 34, Public Acts of Michigan, 2001, as amended. The City has pledged its limited tax full faith and credit for the prompt payment of the bonds. Each year the City shall budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year. Interest on the bonds was payable on January 1 and July 1 of each year at rates varying from .75% to 3%. Principal payments were due each November 1 through the year ending June 30, 2025. All of the bonds were purchased by Gogebic Range Bank, Bessemer, Michigan, with the Bank acting as the paying agent. These bonds were paid in full during the year ended June 30, 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE H – BONDS AND NOTES PAYABLE (CONTINUED)

Capital Lease Payable

On August 12, 2024, the City entered into a capital finance lease with Caterpillar Financial Services Corporation collateralized by a security interest in a 2024 Caterpillar Motor Grader in the amount of \$398,982. Monthly payments are due of \$6,020, which include 6.99% interest, through the year ending June 30, 2031. The outstanding lease payable at June 30, 2025 totals \$359,553. Annual principal and interest maturities are included in Note G.

Water Supply System Revenue Bond, Series 2010C

On August 17, 2010, the City issued \$1,203,000 of Water Supply System Revenue Bonds, Series 2010C to finance improvements to its water supply system in the Jessieville area of the City. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on July 1 and January 1 of each year at a rate of 2.375%. Principal payments are due each January 1 through the year ending June 30, 2051. The outstanding amount payable on the bonds at June 30, 2025 totals \$920,000, with \$25,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

Water Supply System Revenue Bond, Series 2014A

On May 15, 2014, the City issued \$1,410,000 of Water Supply System Revenue Bonds, Series 2014A to finance improvements to its water supply system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in the Water Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at a rate of 2%. Principal payments are due each November 1 through the year ending June 30, 2054. The outstanding amount payable on the bonds at June 30, 2025 totals \$1,127,000, with \$29,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

Water Supply System Revenue Refunding Bond, Series 2014B

On May 15, 2014, the City issued \$1,396,000 of Water Supply System Revenue Bonds, Series 2014B. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at rate of 2%. Principal payments are due each November 1 through the year ending June 30, 2054. The outstanding amount payable on the bonds at June 30, 2025 totals \$1,113,000, with \$29,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE H – BONDS AND NOTES PAYABLE (CONTINUED)

#### Water Supply System Revenue Bond, Series 2014C

On May 15, 2014, the City issued \$2,932,000 of Water Supply System Revenue Bonds, Series 2014C to finance improvements to its water supply system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at a rate of 2%. Principal payments are due each November 1 through the year ending June 30, 2049. The outstanding amount on the bonds at June 30, 2025 totals \$1,769,000, with \$60,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Water Supply System Revenue Bond, Series 2017

On July 11, 2017, the City issued \$2,701,000 of Water Supply System Revenue Bonds, Series 2017 to finance improvements to its water supply system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at a rate of 1.625%. Principal payments are due each November 1 through the year ending June 30, 2058. The outstanding amount payable on the bonds at June 30, 2025 totals \$2,345,000, with \$54,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Water Supply System Revenue Bond, Series 2023A

On August 3, 2023, the City issued \$5,439,000 of Water Supply System Revenue Bonds, Series 2023A to finance improvements to its water supply system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on February 1 and August 1 of each year at a rate of 1.25%. Principal payments are due each August 1 through the year ending June 30, 2064. The outstanding amount payable on the bonds at June 30, 2025 totals \$5,333,000, with \$107,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Water Supply System Revenue Bond, Series 2023B

On August 3, 2023, the City issued \$361,000 of Water Supply System Revenue Bonds, Series 2023B to finance improvements to its water supply system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Water Utility Fund. Interest on the bonds is payable on February 1 and August 1 of each year at a rate of 2.125%. Principal payments are due each August 1 through the year ending June 30, 2064. The outstanding amount payable on the bonds at June 30, 2025 totals \$355,000, with \$6,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE H – BONDS AND NOTES PAYABLE (CONTINUED)

#### Sewage Disposal System Revenue Bond, Series 2010C

On August 17, 2010, the City issued \$930,000 of Sewage Disposal System Revenue Bonds, Series 2010C to finance improvements to its sewage disposal system in the Jessieville area of the City. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Sewer Utility Fund. Interest on the bonds is payable on July 1 and January 1 of each year at a rate of 2.375%. Principal payments are due each January 1 through the year ending June 30, 2051. The outstanding amount payable on the bonds at June 30, 2025 totals \$710,000, with \$19,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Sewage Disposal System Revenue Bond, Series 2014A

On May 15, 2014, the City issued \$1,712,000 of Sewage Disposal System Revenue Bonds, Series 2014A to finance improvements to its sewage disposal system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Sewer Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at a rate of 2% and principal is due on November 1 of each year. Principal payments are due through the year ending June 30, 2054. The outstanding amount payable on the bonds at June 30, 2025 totals \$1,367,000, with \$35,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Sewage Disposal System Revenue Refunding Bond, Series 2014B

On May 15, 2014, the City issued \$1,687,000 of Sewage Disposal System Revenue Bonds, Series 2014A. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Sewer Utility Fund. Interest on the bonds is payable on November 1 and May 1 of each year at rate of 2%. Principal payments are due each November 1 through the year ending June 30, 2054. The outstanding amount payable on the bonds at June 30, 2025 totals \$1,348,000, with \$35,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

#### Sewage Disposal System Revenue Bond, Series 2014C

On May 15, 2014, the City issued \$2,166,000 of Sewage Disposal System Revenue Bonds, Series 2014C to finance improvements to its sewage disposal system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Sewer Utility Fund. Interest on the bonds is payable on November 1 and May 1 at a rate of 2% and principal payments are due November 1 through the year ending June 30, 2054. The outstanding amount payable on the bonds at June 30, 2025 totals \$1,729,000, with \$45,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H – BONDS AND NOTES PAYABLE (CONTINUED)

Sewage Disposal System Revenue Bond, Series 2017

On July 11, 2017, the City issued \$422,000 of Sewage Disposal System Revenue Bonds, Series 2017 to finance improvements to its sewage disposal system. Funding for the bonds is from United States of America Department of Agriculture Rural Development. The City accounts for these bonds in its Sewer Utility Fund. Interest on the bonds is payable on November 1 and May 1 at a rate of 1.625% and principal payments are due November 1 through the year ending June 30, 2058. The outstanding amount payable on the bonds at June 30, 2025 totals \$366,000, with \$8,000 maturing during the year ending June 30, 2026. Annual principal and interest maturities are included in Note G.

Proprietary Activities Revenue and Refunding Bonds

The City has issued several revenue and refunding bonds in both the Water Utility and Sewer Utility funds. All are funded from the United States of America Department of Agriculture Rural Development and payable solely from revenues generated by the Water Utility and Sewer Utility funds. If the City is in default the United States of America Department of Agriculture Rural Development has legal recourse to appoint a receiver to administer the System on its behalf. Interest on the bonds is due each six months and principal payments are due annually. The final bond payment is due in the year 2064. Annual principal and interest maturities are included in Note G. Information relative to the bond issues are as follows:

	Outstanding Balance at <u>June 30, 2025</u>	Maturing Within <u>One Year</u>	Interest <u>Rate</u>
Water Supply System Revenue and Refunding Bonds:			
Series 2010C	\$ 920,000	\$ 25,000	2.375%
Series 2014A	1,127,000	29,000	2.00%
Series 2014B	1,113,000	29,000	2.00%
Series 2014C	1,769,000	60,000	2.00%
Series 2017	2,345,000	54,000	1.625%
Series 2023A	5,333,000	107,000	1.250%
Series 2023B	<u>355,000</u>	<u>6,000</u>	2.125%
	\$ 12,962,000	\$ 310,000	
Sewage Disposal System Revenue and Refunding Bonds:			
Series 2010C	\$ 710,000	\$ 19,000	2.375%
Series 2014A	1,367,000	35,000	2.00%
Series 2014B	1,348,000	35,000	2.00%
Series 2014C	1,729,000	45,000	2.00%
Series 2017	<u>366,000</u>	<u>8,000</u>	1.625%
	<u>\$ 5,520,000</u>	<u>\$ 142,000</u>	
	<u>\$ 18,482,000</u>	<u>\$ 452,000</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE I – PROPERTY TAX ADMINISTRATION FEE

In accordance with Public Act 503 of 1982, the City has established a subsidiary ledger to separately account for costs incurred in the collection, assessment and review of property tax levies. For the year ended June 30, 2025, costs incurred totaled \$135,181 and revenues from charging the administrative fee were \$98,347. Cumulative costs since inception of the subsidiary ledger have exceeded cumulative fees.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods, and other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and proprietary activities are reported in the government-wide financial statements as “internal balances”. Interfund balances of \$3,003 reported in assets of the primary governmental activities at June 30, 2025 consist of balances due to the General Fund from the Agency Fund.

NOTE K – INTERFUND TRANSFERS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Interfund transfers for the year ended June 30, 2025 are as follows:

	Transfers from other <u>funds</u>	Transfers to other <u>funds</u>
Transfers:		
General Fund	\$ 29,422	\$ 463,284
Downtown Development Authority		1,200
Housing Development Fund		20,000
2015 Debt Service Fund		247,660
1995 Debt Service Fund		5,266
Major Streets Fund	244,704	
Local Streets Fund	401,736	
Cemetery Fund	<u>61,548</u>	<u>          </u>
Total Transfers	<u>\$ 737,410</u>	<u>\$ 737,410</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE L – RESTRICTION OF NET POSITION AND SUMMARY OF FUND BALANCES

Following is a summary of restricted net position for individual funds at June 30, 2025:

<u>Fund</u>	<u>Purpose</u>	<u>Amount of Restriction</u>
Primary Government		
Governmental Activities:		
General Fund	By donors and grants	\$ 28,804
General Fund	Net other postemployment benefits	458,966
Library Fund	By donors and grants	231,450
Economic Development Fund	Economic development	183,434
Housing Development Fund	Housing development	300,000
Cemetery Trust Fund	Perpetual care	<u>500,000</u>
		\$ 1,702,654
Business-type Activities:		
Water Utility	Bond reserve and redemption	\$ 581,455
Water Utility	Net other postemployment benefits	135,936
Sewer Utility	Bond reserve and redemption	294,005
Sewer Utility	Net other postemployment benefits	<u>135,936</u>
		\$ 1,147,332
Internal Service Funds		
Equipment Fund	By donors	\$ 291,112
Health Insurance Fund	Employee health insurance	<u>11,093</u>
		<u>\$ 302,205</u>
		<u>\$ 3,152,191</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE L – RESTRICTION OF NET POSITION AND SUMMARY OF FUND BALANCES  
(CONTINUED)

Following is a summary of nonspendable, restricted, committed and assigned fund balances for individual governmental funds for purposes of the Combined Balance Sheet:

<u>Fund</u>	<u>Purpose</u>	<u>Amount of Reserve</u>
Primary Government		
Major Funds:		
General Fund	Nonspendable for inventory and prepaid expenses	\$ 102,782
	Restricted by donors	28,804
	Committed for future project and budgeting purposes	780,000
	Assigned by management for projects	<u>3,595,000</u>
		\$ 4,506,586
Major Street Fund	Nonspendable for prepaid expenses	\$ 3,316
	Assigned	1,220,861
Local Street Fund	Nonspendable for prepaid expenses	4,903
	Assigned	<u>64,611</u>
		\$ 1,293,691
Nonmajor Funds:		
	Restricted:	
Library Fund	By donors and grants	\$ 231,450
Economic Development Fund	Long-term portion of notes receivable	183,434
Housing Development Fund	By grants	300,000
Cemetery Trust Fund	Future care	<u>500,000</u>
		\$ 1,214,884
Library Fund	Nonspendable for prepaid expenses	98
	Assigned	61,537
Downtown Ironwood Development Authority	Nonspendable for prepaid expenses	1,772
	Assigned	37,165
Cemetery Trust Fund	Nonspendable for prepaid expenses	730
	Assigned	77,199
Incremental Tax Fund	Assigned	37,000
Volunteer Fire Department Fund	Assigned	<u>2,925</u>
		\$ 1,433,310
	Total	<u>\$ 7,233,587</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M – SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES

The City maintains three Enterprise Funds. Services provided include water, sewer, garbage/recycling and civic center operations. Segment information not presented in the basic financial statements for the year ended June 30, 2025, was as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Pat O'Donnell Civic Center Operations</u>
Property tax revenues	\$ 0	\$ 0	\$ 113,160
Current capital contributions	0	0	0
Land, buildings and equipment:			
Additions	10,824,071	670,529	15,727
Disposals, net of accumulated depreciation	0	0	0

NOTE N – INVESTMENT IN GOGEBIC-IRON WASTEWATER AUTHORITY

Gogebic-Iron Wastewater Authority (the Authority) was organized in 1983 to finance and construct a regional wastewater treatment plant and sewer system (the Project). Members of the Authority are the City of Ironwood and one local township. Construction of the Project was financed principally by federal and state grants and loans to the Authority. The participating local units of government provided financing in the forms of pass-through of federal and state grants and loans and direct investment. At June 30, 2025, the City's investment in the Authority consisted of the following:

Pass-through of state grants to Authority	\$ 427,303
Share of costs not eligible for funding by federal and state grants and organizational expenses paid to Authority	1,553,866
Cumulative share of net income of Authority	<u>648,347</u>
	<u>\$2,629,516</u>

The City is accounting for its investment in the Authority by the equity method in the Sewer Utility Fund. The cumulative share of net income of the Authority includes the City's share of net income through June 30, 2003. Upon the adoption of GASB Statement No. 34 by the Authority during the year ended June 30, 2004, the City determined the change in the Authority's net position does not reflect a realistic method of increasing or decreasing its investment.

During the year ended June 30, 2025 the City paid \$1,089,117 to the Authority for wastewater treatment services and bond related debt.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE N – INVESTMENT IN GOGEBIC-IRON WASTEWATER AUTHORITY (CONTINUED)

The Authority owns the Project; however, the Project is being operated and managed by an autonomous Gogebic-Iron Wastewater Board (the Board) which is comprised of members of the Authority and City of Hurley, Wisconsin. Upon payment in full of revenue bonds issued by the Authority, title to the wastewater treatment plant will pass from the Authority to the Board. Each member of the Board will then own, in common, an undivided interest therein. Title to the collection sewer system lying within the boundaries of each local governmental unit will pass to that unit.

Condensed financial information as of and for the year ended June 30, 2025, from the Authority's most recently audited financial statements, which are available at the Authority's administrative office at 700 West Cloverland Drive, Ironwood, Michigan, follows:

	<u>Gogebic-Iron Wastewater Authority</u>	<u>Board</u>	(Memorandum <u>Only</u> )
Total assets	\$ <u>19,691,738</u>	\$ <u>326,711</u>	\$ <u>20,018,449</u>
Deferred outflows of resources	\$ <u>215,070</u>		\$ <u>215,070</u>
Total liabilities	\$ <u>4,686,433</u>	\$ <u>326,711</u>	\$ <u>5,013,144</u>
Net position	\$ <u>15,220,375</u>	\$ <u>0</u>	\$ <u>15,220,375</u>
Operating revenues	\$ 1,724,448	\$ 1,163,822	\$ 2,888,270
Operating expenses	<u>1,913,123</u>	<u>1,163,949</u>	<u>3,077,072</u>
	\$ (188,675)	\$ (127)	\$ (188,802)
Nonoperating revenues and expenses	<u>9,894,337</u>	<u>127</u>	<u>9,894,464</u>
Change in Net Position	\$ 9,705,662	\$ 0	\$ 9,705,662
Net Position at July 1, 2024	<u>5,514,713</u>	<u>0</u>	<u>5,514,713</u>
NET POSITION AT JUNE 30, 2025	<u>\$ 15,220,375</u>	<u>\$ 0</u>	<u>\$ 15,220,375</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE O – SUMMARY OF 2024 TAX LEVY

Details of the City’s 2024 property tax levy (excluding industrial facilities tax) are as follows:

City:	
General Fund	\$ 2,238,408
Civic Center	115,855
Library Fund	111,879
Public Safety Retirement System Fund	757,783
Debt Service Fund	231,728
Downtown Ironwood Development Authority	<u>13,977</u>
Total City Taxes	\$ 3,469,630
School	1,508,985
County	1,818,160
State Education Tax	<u>695,590</u>
Total Levy	<u>\$ 7,492,365</u>

TAXABLE VALUATION

Tax rate per \$1,000 valuation:	
General Fund	19.2000
Civic Center	0.9939
Library Fund	0.9598
Public Safety Retirement System Fund	6.5000
Debt Service Fund	<u>1.9878</u>
	<u>29.6415</u>

The Downtown Ironwood Development Authority levies 1.9414 mills on parcels within the downtown district.

NOTE P – DEFINED BENEFIT PENSION PLAN

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE P – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

Benefits provided include plans with multipliers ranging from 2.00% to 2.50%. The vesting period is 10 years. The normal retirement age is 60 with early retirement ranging from 50 to 55 years of age with 15 to 25 years of service. Final average compensation is calculated based on the highest compensation in 3 to 5 years of consecutive service. Member contributions range from 4.77% to 6.00%.

Employees Covered by Benefit Terms

At the December 31, 2024 valuation date, the following employees were covered by the benefit terms:

Active employees	41
Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	6
Pending refunds	<u>8</u>
	<u>140</u>

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. Employer contributions for the year ended December 31, 2024 totaled \$1,281,689 with \$981,689 based on annual payroll and \$300,000 of additional contributions.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE P – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

Long-Term Inflation: 2.50%

Salary Increases: 3.00% in the long-term plus a service-related scale

Investment rate of return: 6.93%, net of investment expense including inflation

Mortality rates used were based fully on generational mortality including a variation of Pub 2010 mortality tables.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study covering the period from 2019 through 2023 and were first used in the December 31, 2024 actuarial valuations.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	2.70%
Global Fixed Income	20.00%	0.43%
Private Investments	20.00%	1.30%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

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

Calculating Net Pension Liability - Primary Government

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2024	\$ 23,471,297	\$ 13,465,880	\$ 10,005,417
Changes for the year:			
Service Cost	\$ 315,779		\$ 315,779
Interest on Total Pension Liability	1,633,350		1,633,350
Changes in Benefits	0		0
Difference between expected and actual experience	163,367		163,367
Changes in assumptions	(29,203)		(29,203)
Employer Contributions		\$ 1,281,689	(1,281,689)
Employee Contributions		302,879	(302,879)
Net Investment Income		988,961	(988,961)
Benefit payments, including employee refunds	(1,671,537)	(1,671,537)	0
Administrative expense		(29,650)	29,650
Other changes	(50,305)	(28,651)	(21,654)
	<u>\$ 361,451</u>	<u>\$ 843,691</u>	<u>\$ (482,240)</u>
Balances at December 31, 2024	<u>\$ 23,832,748</u>	<u>\$ 14,309,571</u>	<u>\$ 9,523,177</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents 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 1% lower (6.18%) or 1% higher (8.18%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total Pension Liability (a)	\$ 26,342,123	\$ 23,832,748	\$ 21,710,790
Fiduciary Net Position (b)	<u>14,309,571</u>	<u>14,309,571</u>	<u>14,309,571</u>
Net Pension Liability (a) - (b)	<u>\$ 12,032,552</u>	<u>\$ 9,523,177</u>	<u>\$ 7,401,219</u>

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

For the year ended June 30, 2025 the employer recognized pension expense of \$1,198,496. The employer reported deferred outflows and inflows of resources related to pension from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 227,574	\$ 0
Differences in assumptions	57,775	0
Excess Investment Returns	415,978	0
Contributions subsequent to the measurement date*	<u>502,576</u>	<u>0</u>
Primary Government Total	<u>\$ 1,203,903</u>	<u>\$ 0</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2026.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

<u>Year ending June 30,</u>	
2026	\$ 479,997
2027	341,624
2028	(108,330)
2029	<u>(11,964)</u>
	<u>\$ 701,327</u>

Component Unit

The Ironwood Housing Commission participates in the Municipal Employees' Retirement System (MERS) of Michigan along with the City. The above information is the City's primary government portion only. The Commission's portion is presented in the Commission's June 30, 2025 audited financial statements.

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS

Plan Administration

The City Commission administers the City of Ironwood Retiree Health Care Plan (RHCP), an employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible permanent full-time general and public safety employees of the City.

RHCP funds are invested entirely with MERS and invested in the Total Market Portfolio.

Benefits Provided

Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The City Code grants authority to establish and amend the benefit terms to the City Commission.

In addition to the pension benefits described in Note P, the City provides post-employment health care benefits through the RHCP in accordance with a resolution adopted by the City Commission, to all eligible employees who retire from the City, up to age 65.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Benefits Provided (Continued)

- Non-union and AFSCME Union – benefits in accordance with a resolution adopted by the City Commission and collective bargaining agreement, respectively. Employees hired prior to March 1, 2004, who retire on or after attaining age 55, but before age 60 shall be eligible for retiree only coverage and employees who retire on or after attaining age 60 shall be eligible for retiree coverage and coverage of a spouse to whom the retiree is married on the date of his or her retirement from the City. All retiree health insurance coverage shall cease upon the employee reaching the age of sixty-five (65). Employees hired on or after March 1, 2004, will not be eligible for post-employment health care benefits.
- Public Safety Union - benefits in accordance with the collective bargaining agreement. Employees hired prior to November 1, 2014, who retire on or after attaining age 50 shall be eligible for healthcare coverage (including spouse and eligible children). Such coverage shall cease upon the employee reaching the age of sixty-five (65). Employees hired on or after November 1, 2014, will not be eligible for post-employment health care benefits.

Plan Membership

At June 30, 2025, RHCP membership consisted of the following:

	<u>General Employee System</u>	<u>Public Safety Employee System</u>
Inactive plan members or beneficiaries currently receiving benefit payments	2	12
Inactive plan members entitled to but not yet receiving benefit payments	0	0
Active plan members	<u>3</u>	<u>4</u>
	<u><u>5</u></u>	<u><u>16</u></u>

Contributions

The City Code grants the authority to establish and amend the contribution requirements of the City and plan members to the City Commission. The Commission establishes rates based on an actuarially determined rate. For the year ended June 30, 2025, the City contributed \$99,290 to the plan which included \$49,548 for the year ended June 30, 2024. Plan members are required to contribute to the plan at varying rates based on date of retirement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Net OPEB Liability of the City

The City's Net OPEB Liability (Asset) was measured as of June 30, 2025, and the total OPEB liability used to calculate the Net OPEB Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% base wage, plus merit and longevity
Investment rate of return	6.93%, net of OPEB plan investment expense including inflation
Healthcare cost trend rates	17.75% for 2025, decreasing 0.25% per year to an ultimate rate of 14.75% in 2037

Mortality rates were based on a version of Pub-2010 Public Retirement Plans Mortality Tables issued by the Society of Actuaries most recently published for Healthy and Disabled Participants, as appropriate.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2024 to June 30, 2025. Although not considered in plan changes, the plan was moved from a fully-insured model to a self-insured model as of January 1, 2025.

Investment Policy

There is currently no formal investment policy in place with respect to assets set aside for the (RHCP) referenced above. Assets are held in the MERS Retirement Health Funding Vehicle and invested in the MERS Total Market Portfolio. In general, the investment objective is to provide current income and capital appreciation while minimizing volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

The long term expected real rate of return is typically chosen by the plan sponsor with guidance from their investment managers and reflects their view of the long-term rate of return on assets expected to be earned based on current trust allocations. The expected returns have been selected to coincide with the GASB Notes provided by MERS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Investment Policy (Continued)

MERS Total Market <u>Portfolio Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Global Equity	60.00%	4.50%
Global Fixed Income	20.00%	2.16%
Private Investments	<u>20.00%</u>	<u>6.50%</u>
	<u>100.00%</u>	<u>13.16%</u>

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The employer’s objective in selecting the expected long-term rate of return on assets is to estimate the single rate of return that reflects historical returns, future expectations for each asset class, and the asset mix of the plan assets.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Calculating Net OPEB Liability - Primary Government

Changes in Net OPEB Liability (Asset)	Total OPEB Liability <u>(a)</u>	Increase (Decrease) Plan Fiduciary Net Position <u>(b)</u>	Net OPEB (Asset) Liability <u>(a) - (b)</u>
Balances at July 1, 2024	\$ 1,807,224	\$ 1,791,746	\$ 15,478
Changes for the year:			
Service Cost	\$ 10,906		\$ 10,906
Interest on Total OPEB Liability	122,540		122,540
Changes in Benefits	0		0
Difference between expected and actual experience	(92,949)		(92,949)
Changes in assumptions	(337,803)		(337,803)
Employer Contributions		\$ 99,290	(99,290)
Employee Contributions		0	0
Net Investment Income		168,458	(168,458)
Benefit payments, including employee refunds	(124,238)	(124,238)	0
Administrative expense	<u>0</u>	<u>(7,824)</u>	<u>7,824</u>
Net changes	<u>\$ (421,544)</u>	<u>\$ 135,686</u>	<u>\$ (557,230)</u>
Balances at June 30, 2025	<u>\$ 1,385,680</u>	<u>\$ 1,927,432</u>	<u>\$ (541,752)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.93%) or one percentage point higher (7.93%) than the current discount rate

	1% Decrease (5.93%)	Discount Rate (6.93%)	1% Increase (7.93%)
Net OPEB liability (asset)	<u>\$ (472,899)</u>	<u>\$ (541,752)</u>	<u>\$ (605,825)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (16.75% decreasing to 13.75%) or one percentage point higher (18.75% decreasing to 15.75%) than the current healthcare cost trend rates:

	1% Decrease (16.75% decreasing to 13.75%)	Cost Trend Rates (17.75% decreasing to 14.75%)	1% Increase (18.75% decreasing to 15.75%)
Net OPEB liability (asset)	<u>\$ (571,335)</u>	<u>\$ (541,752)</u>	<u>\$ (511,478)</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025 the City recognized an other postemployment benefit of \$158,374. The City reported deferred outflows and inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 207,185	\$ (148,987)
Differences in assumptions	21,714	(164,373)
Excess Investment Returns	<u>346</u>	<u>(6,444)</u>
Primary Government Total	<u>\$ 229,245</u>	<u>\$ (319,804)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE Q – POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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

<u>Year ended June 30,</u>	
2026	\$ (69,827)
2027	21,130
2028	(33,023)
2029	(8,839)
2030	<u>0</u>
	<u>\$ (90,559)</u>

NOTE R – DEFERRED COMPENSATION PLANS

The City offers its employees a choice of several deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Plans are available to substantially all full-time employees and permit employees to defer a portion of their salary until future years. Participation in the Plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the Plan and all income attributable to those amounts are, until paid or made available to the employee or other beneficiary, to be held in a trust for the exclusive benefit of plan participants and their beneficiaries.

Investments are managed by the Plans' trustees under one of several investment options, or a combination thereof. The choice of the investment option is made by the participants. Plan trustees include Nationwide Retirement Solutions, MERS, Edward Jones, MetLife and ICMA Retirement Corporation.

Because the City does not have an established trust agreement with the Plan trustees, does not provide investment advice and does not administer the Plan, the City has not established a fiduciary relationship with the Plan. Therefore, the Plan assets are not included in the financial statements of the City.

NOTE S – RISK MANAGEMENT

Risks of Loss

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims and workers' compensation claims and participates as a member in the Michigan Municipal Risk Management Authority (MMRMA) for claims relating to general liability, excess liability, auto liability, trunk line liability, errors and omissions and physical damage to equipment, buildings and contents.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE S – RISK MANAGEMENT (CONTINUED)

The MMRMA operates as a public entity risk-sharing pool for local units in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City is sharing risk with the other members of the MMRMA. The deductible is \$250 per occurrence for auto, and \$1,000 for property and crime losses. There is no deductible for sewage system overflow or general liability. MMRMA provides, after the deductible, reinsurance up to \$5,000,000 of occurrence-based liability coverage for each incident by internally assuming risks and reinsuring risks through commercial companies.

#### Share of Losses

The City's liabilities for its share of losses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities can include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. The City estimates that the potential unpaid and unreported claims do not substantially exceed the amount of self-insurance retention reserves available to pay claims.

The City carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### NOTE T – LEASE RECEIVABLE

The City is a lessor of a building and building space to third parties. The non-cancellable lease term remaining is 0.3 years, after which the leases are renewed annually or have cancellation clauses under one year. The City recognized approximately \$38,142 in lease revenue during the current fiscal year related to these leases. As of June 30, 2025, the City's receivable for lease payments was \$10,197. Also, the City has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$10,197.

### NOTE U – TAX ABATEMENTS

The City is required to disclose significant tax abatements as required by GASB Statement No. 77. The City receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by the City. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE U – TAX ABATEMENTS (CONTINUED)

The property taxes abated for all funds by the City under these programs for the year ended June 30, 2025, are as follows:

<u>Type</u>	<u>Taxes Abated</u>
Industrial Facilities Tax	\$ 24,320
Brownfield Redevelopment Agreements	18,638
PILOT	<u>139,522</u>
	<u>\$ 182,480</u>

NOTE V – UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management’s discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. 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 and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE V – UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 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.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

### NOTE W – SUBSEQUENT EVENTS

The City has been awarded a \$375,000 grant from the U.S. Department of Environmental Protection Agency through the Michigan Department of Natural Resources, Land and Water Conservation Fund with a \$375,000 match required from the City for the construction of an ice plant (ice making system) for the Civic Center. The City applied for a Michigan Department of Agriculture Rural Development grant of \$100,000 to assist with matching requirements. A loan agreement dated October 13, 2025 exists between the General Fund and the Pat O'Donnell Civic Center Fund for any expenses paid by the General Fund. Construction is expected to be completed in the 2025-2026 fiscal year.

REQUIRED  
SUPPLEMENTAL  
INFORMATION

BUDGETARY COMPARISON SCHEDULE - MAJOR GOVERNMENTAL FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	General Fund			Major Street Fund			Local Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:									
Taxes	\$ 2,305,000	\$ 2,305,000	\$ 2,329,425						
Licenses and permits	82,000	82,000	88,991						
State sources	1,348,000	1,306,000	1,325,033	\$ 1,534,000	\$ 1,150,000	\$ 1,381,284	\$ 347,000	\$ 347,000	\$ 364,514
Federal sources	1,043,000	993,000	1,011,357						
Charges for services	238,000	238,000	313,140						
Interest and rents	334,000	488,000	570,389						
Other revenues	9,000	29,000	189,170						
Total Revenues	\$ 5,359,000	\$ 5,441,000	\$ 5,827,505	\$ 1,534,000	\$ 1,150,000	\$ 1,381,284	\$ 347,000	\$ 347,000	\$ 364,514
Expenditures:									
Current expenditures:									
Legislative	\$ 45,000	\$ 45,000	\$ 36,357						
General government	1,142,000	1,280,000	1,170,775						
Public safety	1,145,000	1,155,000	1,115,715						
Public works	196,000	216,000	203,944	\$ 909,000	\$ 909,000	\$ 809,510	\$ 648,000	\$ 810,000	\$ 623,467
Recreation and culture	286,000	328,000	313,923						
Health and welfare	571,000	576,000	522,548						
Other functions	47,000	47,000	46,510						
Capital outlay	1,359,000	1,181,000	1,153,242	625,000	241,000	188,226	332,000	140,000	142,783
Total Expenditures	\$ 4,791,000	\$ 4,828,000	\$ 4,563,014	\$ 1,534,000	\$ 1,150,000	\$ 997,736	\$ 980,000	\$ 950,000	\$ 766,250
Excess (Deficiency) of Revenues Over Expenditures	\$ 568,000	\$ 613,000	\$ 1,264,491	\$ 0	\$ 0	\$ 383,548	\$ (633,000)	\$ (603,000)	\$ (401,736)
Other financing sources (uses) - Operating transfers in (out)	\$ (568,000)	\$ (613,000)	\$ (433,862)			\$ 244,704	\$ 633,000	\$ 603,000	\$ 401,736
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 0	\$ 0	\$ 830,629	\$ 0	\$ 0	\$ 628,252	\$ 0	\$ 0	\$ 0
Fund balance at July 1, 2024	4,517,720	4,517,720	4,517,720	595,925	595,925	595,925	69,514	69,514	69,514
FUND BALANCE AT JUNE 30, 2025	\$ 4,517,720	\$ 4,517,720	\$ 5,348,349	\$ 595,925	\$ 595,925	\$ 1,224,177	\$ 69,514	\$ 69,514	\$ 69,514

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Year ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 315,779	\$ 290,449	\$ 298,755	\$ 271,277	\$ 251,826	\$ 225,308	\$ 220,744	\$ 223,619	\$ 226,536	\$ 223,802
Interest	1,633,350	1,588,514	1,547,473	1,529,375	1,429,712	1,435,148	1,436,392	1,430,107	1,392,433	1,366,510
Changes of Benefit Terms	0	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	163,367	437,673	266,741	9,985	217,188	(39,902)	(304,183)	(191,347)	215,801	(154,152)
Changes of assumptions	(29,203)	217,129	0	723,349	795,388	572,710	0	0	0	735,924
Benefit payments including employee refunds	(1,671,537)	(1,593,868)	(1,476,585)	(1,380,804)	(1,342,034)	(1,325,723)	(1,368,984)	(1,389,406)	(1,295,770)	(1,276,131)
Other	(50,305)	(30,853)	(7,496)	102,065	(31,069)	0	(23,425)	(13,011)	(55,814)	0
Net Change in Total Pension Liability	\$ 361,451	\$ 909,044	\$ 628,888	\$ 1,255,247	\$ 1,321,011	\$ 867,541	\$ (39,456)	\$ 59,962	\$ 483,186	\$ 895,953
Total Pension Liability, beginning	23,471,297	22,562,253	21,933,365	20,678,118	19,357,107	18,489,566	18,529,022	18,469,060	17,985,874	17,089,921
Total Pension Liability, ending	\$ 23,832,748	\$ 23,471,297	\$ 22,562,253	\$ 21,933,365	\$ 20,678,118	\$ 19,357,107	\$ 18,489,566	\$ 18,529,022	\$ 18,469,060	\$ 17,985,874
Plan Fiduciary Net Position:										
Contributions-employer	\$ 1,281,689	\$ 1,123,892	\$ 1,173,896	\$ 1,220,102	\$ 1,077,269	\$ 1,143,097	\$ 945,371	\$ 1,017,678	\$ 980,646	\$ 592,282
Contributions-employee	302,879	122,809	218,947	116,405	104,258	135,287	92,776	93,313	96,511	122,989
Contributions - other		1,158,344								
Net Investment income	988,961	1,306,568	(1,323,843)	1,587,387	1,296,722	1,214,072	(373,857)	1,161,288	941,559	(127,762)
Benefit payments including employee refunds	(1,671,537)	(1,593,868)	(1,476,585)	(1,380,804)	(1,342,034)	(1,325,723)	(1,368,984)	(1,389,406)	(1,295,770)	(1,276,131)
Administrative expense	(29,650)	(27,208)	(23,516)	(18,172)	(20,365)	(20,872)	(18,709)	(18,375)	(18,580)	(18,972)
Other	(28,651)	(14,522)	(4,089)	51,610	(15,135)	0	(11,398)	(4,716)	(25,193)	0
Net Change in Plan Fiduciary Net Position	\$ 843,691	\$ 2,076,015	\$ (1,435,190)	\$ 1,576,528	\$ 1,100,715	\$ 1,145,861	\$ (734,801)	\$ 859,782	\$ 679,173	\$ (707,594)
Plan Fiduciary Net Position, beginning	13,465,880	11,389,865	12,825,055	11,248,527	10,147,812	9,001,951	9,736,752	8,876,970	8,197,797	8,905,391
Plan Fiduciary Net Position, ending	\$ 14,309,571	\$ 13,465,880	\$ 11,389,865	\$ 12,825,055	\$ 11,248,527	\$ 10,147,812	\$ 9,001,951	\$ 9,736,752	\$ 8,876,970	\$ 8,197,797
Employer Net Pension Liability	\$ 9,523,177	\$ 10,005,417	\$ 11,172,388	\$ 9,108,310	\$ 9,429,591	\$ 9,209,295	\$ 9,487,615	\$ 8,792,270	\$ 9,592,090	\$ 9,788,077
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	<u>60%</u>	<u>57%</u>	<u>50%</u>	<u>58%</u>	<u>54%</u>	<u>52%</u>	<u>49%</u>	<u>53%</u>	<u>48%</u>	<u>46%</u>
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 2,575,718	\$ 2,390,314	\$ 2,439,250	\$ 2,337,846	\$ 2,170,384	\$ 2,080,062	\$ 1,923,368	\$ 1,937,933	\$ 1,846,860	\$ 1,847,807
Employer's Net Pension Liability as a percentage of covered employee payroll	<u>370%</u>	<u>419%</u>	<u>458%</u>	<u>390%</u>	<u>434%</u>	<u>443%</u>	<u>493%</u>	<u>454%</u>	<u>519%</u>	<u>530%</u>

Notes to Schedule:

Benefit Change: There were no changes in benefit terms.

Changes in assumptions: There were no changes in assumptions.

SCHEDULE OF EMPLOYER REQUIRED PENSION CONTRIBUTIONS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Year ended June 30.									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contributions	\$ 981,689	\$ 923,892	\$ 973,896	\$ 920,102	\$ 1,077,269	\$ 793,097	\$ 945,371	\$ 869,610	\$ 702,114	\$ 592,282
Contributions in relation to the actuarially determined contribution	<u>1,281,689</u>	<u>1,123,892</u>	<u>1,173,896</u>	<u>1,220,102</u>	<u>1,077,269</u>	<u>1,143,097</u>	<u>945,371</u>	<u>1,017,678</u>	<u>980,646</u>	<u>942,282</u>
Contribution deficiency (excess)	\$ <u>(300,000)</u>	\$ <u>(200,000)</u>	\$ <u>(200,000)</u>	\$ <u>(300,000)</u>	\$ <u>0</u>	\$ <u>(350,000)</u>	\$ <u>0</u>	\$ <u>(148,068)</u>	\$ <u>(278,532)</u>	\$ <u>(350,000)</u>
Covered Employee Payroll	\$ <u>2,390,314</u>	\$ <u>2,390,314</u>	\$ <u>2,439,250</u>	\$ <u>2,337,846</u>	\$ <u>2,170,384</u>	\$ <u>2,080,062</u>	\$ <u>1,923,368</u>	\$ <u>1,937,933</u>	\$ <u>1,846,860</u>	\$ <u>1,847,807</u>
Contributions as a percentage of covered employee payroll	<u>41%</u>	<u>39%</u>	<u>40%</u>	<u>39%</u>	<u>50%</u>	<u>38%</u>	<u>49%</u>	<u>45%</u>	<u>38%</u>	<u>32%</u>

Notes to Schedule:

Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	14 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.00% plus merit and longevity
Investment rate of return	6.93%
Normal retirement age	60
Mortality	A version of Pub-2010

Notes to Schedule:

Benefit Change: There were no changes in benefits.

Changes in assumptions: There were no changes in assumptions.

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OTHER POST-EMPLOYMENT  
BENEFITS LIABILITY (ASSET) AND RELATED RATIOS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Year ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability:</b>									
Service cost	\$ 10,906	\$ 12,363	\$ 14,345	\$ 12,875	\$ 15,349	\$ 17,813	\$ 25,767	\$ 24,835	\$ 37,557
Interest	122,540	130,083	95,789	99,603	100,053	96,442	104,585	107,262	128,176
Changes of benefit terms	0	0	0	0	0	0	0	0	0
Differences between expected and actual experience	(92,949)	(126,889)	503,393	6,496	2,965	0	(174,278)	0	(312,335)
Changes of assumptions	(337,803)	12,206	13,696	29,187	(5,190)	(16,195)	82,546	0	0
Benefit payments	(124,238)	(145,350)	(127,296)	(143,972)	(92,175)	(134,411)	(168,419)	(197,141)	(171,439)
<b>Net Change in Total OPEB Liability</b>	<b>\$ (421,544)</b>	<b>\$ (117,587)</b>	<b>\$ 499,927</b>	<b>\$ 4,189</b>	<b>\$ 21,002</b>	<b>\$ (36,351)</b>	<b>\$ (129,799)</b>	<b>\$ (65,044)</b>	<b>\$ (318,041)</b>
Total OPEB Liability, beginning	<u>1,807,224</u>	<u>1,924,811</u>	<u>1,424,884</u>	<u>1,420,695</u>	<u>1,399,693</u>	<u>1,436,044</u>	<u>1,565,843</u>	<u>1,630,887</u>	<u>1,948,928</u>
<b>Total OPEB Liability, ending</b>	<b><u>\$ 1,385,680</u></b>	<b><u>\$ 1,807,224</u></b>	<b><u>\$ 1,924,811</u></b>	<b><u>\$ 1,424,884</u></b>	<b><u>\$ 1,420,695</u></b>	<b><u>\$ 1,399,693</u></b>	<b><u>\$ 1,436,044</u></b>	<b><u>\$ 1,565,843</u></b>	<b><u>\$ 1,630,887</u></b>
<b>Plan Fiduciary Net Position:</b>									
Contributions - employer	\$ 99,290	\$ 19,487			\$ 3,696	\$ 114,743	\$ 169,886	\$ 158,994	\$ 167,355
Contributions - employee	12,377				7,769	8,790			
Net investment income	168,458	171,671	\$ 123,217	\$ (160,781)	473,273	37,029	45,715	119,332	133,661
Benefit payments	(136,615)	(164,837)	(127,296)	(143,972)	(92,175)	(142,180)	(177,209)	(197,141)	(171,439)
Administrative expenses	(7,824)	(12,497)	(7,147)	(11,837)	(11,714)	(2,047)	(6,279)	(8,088)	(4,723)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 135,686</b>	<b>\$ 13,824</b>	<b>\$ (11,226)</b>	<b>\$ (316,590)</b>	<b>\$ 373,080</b>	<b>\$ 15,314</b>	<b>\$ 40,903</b>	<b>\$ 73,097</b>	<b>\$ 124,854</b>
Plan Fiduciary Net Position, beginning	<u>1,791,746</u>	<u>1,777,922</u>	<u>1,789,148</u>	<u>2,105,738</u>	<u>1,732,658</u>	<u>1,717,344</u>	<u>1,676,441</u>	<u>1,603,344</u>	<u>1,478,490</u>
<b>Plan Fiduciary Net Position, ending</b>	<b><u>\$ 1,927,432</u></b>	<b><u>\$ 1,791,746</u></b>	<b><u>\$ 1,777,922</u></b>	<b><u>\$ 1,789,148</u></b>	<b><u>\$ 2,105,738</u></b>	<b><u>\$ 1,732,658</u></b>	<b><u>\$ 1,717,344</u></b>	<b><u>\$ 1,676,441</u></b>	<b><u>\$ 1,603,344</u></b>
City's Net OPEB (asset) liability	<u>\$ (541,752)</u>	<u>\$ 15,478</u>	<u>\$ 146,889</u>	<u>\$ (364,264)</u>	<u>\$ (685,043)</u>	<u>\$ (332,965)</u>	<u>\$ (281,300)</u>	<u>\$ (110,598)</u>	<u>\$ 27,543</u>
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	<u>139.10%</u>	<u>99.14%</u>	<u>92.37%</u>	<u>125.56%</u>	<u>148.22%</u>	<u>123.79%</u>	<u>119.59%</u>	<u>107.06%</u>	<u>98.31%</u>
Covered employee payroll	<u>\$ 568,559</u>	<u>\$ 532,535</u>	<u>\$ 609,402</u>	<u>\$ 647,504</u>	<u>\$ 803,386</u>	<u>\$ 896,432</u>	<u>\$ 909,425</u>	<u>\$ 827,965</u>	<u>\$ 844,023</u>
City's net OPEB (asset) liability as a percentage of covered employee payroll	<u>(95.29%)</u>	<u>2.91%</u>	<u>24.10%</u>	<u>(56.26%)</u>	<u>(85.27%)</u>	<u>(37.14%)</u>	<u>(30.93%)</u>	<u>(13.36%)</u>	<u>3.26%</u>

Notes to Schedule:

This schedule is presented to illustrate the City's OPEB liability for the last 10 fiscal years. However, until a full 10-year trend is compiled the City presents information for those years for which information is available.

Benefit Changes: There were no changes of benefit terms.

Changes in assumptions:

- Investment rate of return decreased to 6.93% from 7.00%.
- Municipal bond rate increased to 4.81% from 4.21%.
- Discount rate decreased to 6.93% from 7.00%.
- Annual claims, healthcare trend, aging factors and mortality were updated based on a 2019-2023 experience study.

SCHEDULE OF EMPLOYER REQUIRED OTHER POST-EMPLOYMENT  
BENEFITS CONTRIBUTIONS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Year ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 49,742	\$ 49,548	\$ 0	\$ 0	\$ 1,547	\$ 1,186	\$ 68,889	\$ 66,399	\$ 68,898
Contributions in relation to the actuarially determined contribution	<u>99,290</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,696</u>	<u>114,743</u>	<u>169,886</u>	<u>126,902</u>	<u>167,355</u>
Contribution deficiency (excess)	<u>\$ (49,548)</u>	<u>\$ 49,548</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,149)</u>	<u>\$ (113,557)</u>	<u>\$ (100,997)</u>	<u>\$ (60,503)</u>	<u>\$ (98,457)</u>
Covered employee payroll	<u>\$ 568,559</u>	<u>\$ 532,535</u>	<u>\$ 609,402</u>	<u>\$ 647,504</u>	<u>\$ 803,386</u>	<u>\$ 896,432</u>	<u>\$ 909,425</u>	<u>\$ 827,965</u>	<u>\$ 844,023</u>
Contributions as a percentage of covered employee payroll	<u>17.46%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.46%</u>	<u>12.80%</u>	<u>18.68%</u>	<u>15.33%</u>	<u>19.83%</u>

Actuarially determined contribution rates are calculated as of June 30, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll
Amortization period	24 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	17.75% initial, decreasing 0.25% per year to an ultimate rate of 14.75%
Salary increases	3.00% average, including inflation
Investment rate of return	6.93% net of OPEB plan investment expense, including inflation
Mortality	A version of Pub-2010

This schedule is presented to illustrate the City's required OPEB contributions for the last 10 fiscal years. (Amounts were determined as of June 30 of each fiscal year.) However, until a 10 full year trend is compiled, the City presents information for those years for which information is available.

Benefit Changes: There were no changes of benefit terms.

Changes in assumptions:

Investment rate of return decreased to 6.93% from 7.00%.

Municipal bond rate increased to 4.81% from 4.21%.

Discount rate decreased to 6.93% from 7.00%.

Annual claims, healthcare trend, aging factors and mortality were updated based on a 2019-2023 experience study.

SUPPLEMENTARY  
INFORMATION

BALANCE SHEET - GENERAL FUND

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

ASSETS

Cash		\$	712,375
Investments			4,321,615
Receivables:			
Delinquent taxes	\$	47,927	
Federal grants		18,575	
State of Michigan		149,298	
Other		180,646	
Leases		<u>10,197</u>	
	\$	406,643	
Less allowances for uncollectible accounts		<u>(11,982)</u>	394,661
Due from other funds			3,003
Inventory			72,879
Prepaid expenses			<u>29,903</u>
			<u>\$ 5,534,436</u>

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts payable:			
Trade		\$	37,051
Other			64,760
Payroll and related			51,589
Unearned revenue			<u>22,490</u>
	Total Liabilities	\$	175,890
Deferred inflows of resources -			
Unavailable revenue - leases			10,197
Fund balance:			
Nonspendable	\$	102,782	
Restricted		28,804	
Committed		780,000	
Assigned		3,595,000	
Unassigned		<u>841,763</u>	<u>5,348,349</u>
			<u>\$ 5,534,436</u>

STATEMENT OF REVENUES - ESTIMATED AND ACTUAL - GENERAL FUND

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Estimated Revenue	Actual Revenue	Variance Favorable (Unfavorable)
<b>Taxes:</b>			
Property taxes		\$ 2,206,243	
Administrative fees		98,347	
Interest and penalties		14,524	
Payment in lieu of taxes		<u>10,311</u>	
	\$ 2,305,000	\$ 2,329,425	\$ 24,425
City licenses and permits	82,000	88,991	6,991
<b>State sources:</b>			
Revenue sharing		\$ 890,600	
Local community stabilization		30,500	
Excise tax		291,143	
Other grants		<u>112,790</u>	
	1,306,000	\$ 1,325,033	19,033
Federal sources	993,000	1,011,357	18,357
<b>Charges for services - departmental fees and services:</b>			
Public safety		\$ 82,870	
Tourist park		76,273	
Administration services		131,103	
Sale of supplies and services		<u>22,894</u>	
	238,000	\$ 313,140	75,140
<b>Interest and rents:</b>			
Interest earned		\$ 394,647	
<b>Rentals and leases:</b>			
Memorial building rentals		82,267	
Garage rentals		91,800	
Other		<u>1,675</u>	
	488,000	\$ 570,389	82,389

STATEMENT OF REVENUES - ESTIMATED AND ACTUAL - GENERAL FUND (CONTINUED)

Year ended June 30, 2025

	Estimated Revenue	Actual Revenue	Variance Favorable (Unfavorable)
Other revenues:			
Refunds and rebates		\$ 66,619	
Donations		33,407	
Insurance proceeds		31,075	
Miscellaneous		<u>58,069</u>	
	<u>29,000</u>	\$ <u>189,170</u>	<u>160,170</u>
TOTAL REVENUES	\$ 5,441,000	\$ 5,827,505	\$ 386,505
Other financing sources :			
Operating transfers in :			
Downtown Ironwood Development Authority		1,200	
Housing Development Fund		20,000	
1995 Debt Service fund		5,265	
2015 Debt Service Fund		<u>2,957</u>	
	\$ <u>72,000</u>	\$ <u>29,422</u>	\$ <u>(42,578)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u>5,513,000</u>	\$ <u>5,856,927</u>	\$ <u>343,927</u>

STATEMENT OF APPROPRIATIONS AND EXPENDITURES - GENERAL FUND

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Appropriations	Expenditures	Variance Favorable (Unfavorable)
Legislative - City commission	\$ 45,000	\$ 36,357	\$ 8,643
General government:			
City manager		\$ 96,236	
Elections		18,289	
Financial administration		299,543	
City treasurer		65,674	
City assessor		67,806	
Computer department		118,728	
City clerk		222,077	
Board of review		1,701	
Building Inspection		20,728	
Human resources		50,831	
City hall and grounds		<u>209,162</u>	
	1,280,000	\$ 1,170,775	109,225
Public safety:			
Public safety department		\$ 1,104,265	
Volunteer fire department		<u>11,450</u>	
	1,155,000	\$ 1,115,715	39,285
Public works:			
Street lighting		\$ 103,990	
Other		83,474	
Sanitation		<u>16,480</u>	
	216,000	\$ 203,944	12,056
Recreation and culture -			
Parks and recreation	328,000	313,923	14,077
Health and welfare:			
Community development		\$ 394,340	
Code enforcement and blight		<u>128,208</u>	
	576,000	\$ 522,548	53,452

STATEMENT OF APPROPRIATIONS AND EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2025

	Appropriations	Expenditures	Variance Favorable (Unfavorable)
Other functions:			
Insurance and bonds		\$ 35,842	
Labor relations		325	
Programs		<u>10,343</u>	
	47,000	\$ 46,510	490
Capital outlay:			
Public safety		\$ 1,090,928	
Recreation and culture		<u>62,314</u>	
	<u>1,181,000</u>	\$ <u>1,153,242</u>	<u>27,758</u>
Total Expenditures	\$ 4,828,000	\$ 4,563,014	\$ 264,986
Other financing uses - operating transfers out:			
Local Street Fund		\$ 401,736	
Cemetery Fund		<u>61,548</u>	
Total Other Financing Uses	<u>685,000</u>	\$ <u>463,284</u>	<u>221,716</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 5,513,000</u>	<u>\$ 5,026,298</u>	<u>\$ 486,702</u>

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Special Revenue Funds							Debt Service Funds		Totals	
	Library Fund	Downtown Ironwood Development Authority	Economic Development Fund	Housing Development Fund	Neighborhood Enhancement Program Fund	Cemetery Trust Fund	Tax Increment Fund	Volunteer Fire Department Fund	1995 Debt Service Fund		2015 Debt Service Fund
ASSETS											
Cash and cash equivalents	\$ 97,740	\$ 41,770		\$ 300,000			\$ 37,000	\$ 2,925			\$ 479,435
Investments	183,364					\$ 576,758					760,122
Receivables:											
Accounts	16,718					5,450					22,168
Property taxes	2,418	264									2,682
Grants receivable	178,422										178,422
Prepaid expenses	98	1,772				730					2,600
Notes receivable			\$ 183,434								183,434
	<u>\$ 478,760</u>	<u>\$ 43,806</u>	<u>\$ 183,434</u>	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 582,938</u>	<u>\$ 37,000</u>	<u>\$ 2,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,628,863</u>
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable											
Trade	\$ 7,119	\$ 119				\$ 596					\$ 7,834
Construction	177,026										177,026
Payroll and related	30					4,413					4,443
Unearned revenue	<u>1,500</u>	<u>4,750</u>									<u>6,250</u>
	\$ 185,675	\$ 4,869				\$ 5,009					\$ 195,553
Fund balance:											
Nonspendable	\$ 98	\$ 1,772				\$ 730					\$ 2,600
Restricted	231,450		\$ 183,434	\$ 300,000		500,000					1,214,884
Assigned	<u>61,537</u>	<u>37,165</u>				<u>77,199</u>	<u>\$ 37,000</u>	<u>\$ 2,925</u>			<u>215,826</u>
	<u>\$ 293,085</u>	<u>\$ 38,937</u>	<u>\$ 183,434</u>	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 577,929</u>	<u>\$ 37,000</u>	<u>\$ 2,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,433,310</u>
	<u>\$ 478,760</u>	<u>\$ 43,806</u>	<u>\$ 183,434</u>	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 582,938</u>	<u>\$ 37,000</u>	<u>\$ 2,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,628,863</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Library Fund	Special Revenue Funds					Tax Increment Fund	Volunteer Fire Department Fund	Debt Service Funds		Totals
		Downtown Ironwood Development Authority	Economic Development Fund	Housing Development Fund	Neighborhood Enhancement Program Fund	Cemetery Trust Fund			1995 Debt Service Fund	2015 Debt Service Fund	
<b>Revenues:</b>											
Property taxes	\$ 111,965	\$ 14,756					\$ 37,000			\$ 227,852	\$ 391,573
State sources	5,595				\$ 44,000						49,595
Federal sources	395,019	3,000									398,019
Contributions from local units	1,500										1,500
Fines and forfeits	16,983										16,983
Charges for services	5,637					\$ 77,490					83,127
Interest and investment earnings	8,405					26,734			\$ 121	7,854	43,114
Other revenues	<u>42,262</u>	<u>7,225</u>			<u>3,305</u>					<u>4,331</u>	<u>57,123</u>
<b>Total Revenues</b>	<b>\$ 587,366</b>	<b>\$ 24,981</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 47,305</b>	<b>\$ 104,224</b>	<b>\$ 37,000</b>	<b>\$ 0</b>	<b>\$ 121</b>	<b>\$ 240,037</b>	<b>\$ 1,041,034</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government						\$ 133,356					\$ 133,356
Public safety								\$ 149			149
Recreation and culture	\$ 145,393										145,393
Health and welfare		\$ 22,076			\$ 47,125						69,201
Other - Administrative and general					<u>180</u>					<u>\$ 460</u>	<u>640</u>
	<u>\$ 145,393</u>	<u>\$ 22,076</u>			<u>\$ 47,305</u>	<u>\$ 133,356</u>		<u>\$ 149</u>		<u>\$ 460</u>	<u>\$ 348,739</u>
Capital outlay	408,689										408,689
<b>Debt service:</b>											
Principal										172,000	172,000
Interest and fees										<u>5,026</u>	<u>5,026</u>
<b>Total Expenditures</b>	<b>\$ 554,082</b>	<b>\$ 22,076</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 47,305</b>	<b>\$ 133,356</b>	<b>\$ 0</b>	<b>\$ 149</b>	<b>\$ 0</b>	<b>\$ 177,486</b>	<b>\$ 934,454</b>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Special Revenue Funds							Debt Service Funds		Totals	
	Library Fund	Downtown Ironwood Development Authority	Economic Development Fund	Housing Development Fund	Neighborhood Enhancement Program Fund	Cemetery Trust Fund	Tax Increment Fund	Volunteer Fire Department Fund	1995 Debt Service Fund		2015 Debt Service Fund
Excess (Deficiency) of Revenues											
Over Expenditures	\$ 33,284	\$ 2,905	\$ 0	\$ 0	\$ 0	\$ (29,132)	\$ 37,000	\$ (149)	\$ 121	\$ 62,551	\$ 106,580
Other financing sources (uses) -											
Operating transfers in (out)	_____	(1,200)	_____	(20,000)	_____	61,548	_____	_____	(5,266)	(247,660)	(212,578)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)											
Over Expenditures	\$ 33,284	\$ 1,705	\$ 0	\$ (20,000)	\$ 0	\$ 32,416	\$ 37,000	\$ (149)	\$ (5,145)	\$ (185,109)	\$ (105,998)
Fund balance at July 1, 2024	<u>259,801</u>	<u>37,232</u>	<u>183,434</u>	<u>320,000</u>	<u>_____</u>	<u>545,513</u>	<u>_____</u>	<u>3,074</u>	<u>5,145</u>	<u>185,109</u>	<u>1,539,308</u>
FUND BALANCE AT JUNE 30, 2025	<u>\$ 293,085</u>	<u>\$ 38,937</u>	<u>\$ 183,434</u>	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 577,929</u>	<u>\$ 37,000</u>	<u>\$ 2,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,433,310</u>

COMBINING STATEMENT OF PLAN NET POSITION - PENSION TRUST FUNDS

CITY OF IRONWOOD, MICHIGAN

June 30, 2025

	Retirement System Fund	Public Safety Retirement System Fund	Totals
ASSETS			
Cash		\$ 157,227	\$ 157,227
Delinquent property taxes receivable		12,270	12,270
	<u>\$ 0</u>	<u>\$ 169,497</u>	<u>\$ 169,497</u>
NET POSITION			
Net position held in trust for pension benefits	<u>\$ 0</u>	<u>\$ 169,497</u>	<u>\$ 169,497</u>

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUNDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

	Retirement System Fund	Public Safety Retirement System Fund	Totals
<b>Additions:</b>			
<b>Contributions:</b>			
Property taxes		\$ 652,250	\$ 652,250
Employer contributions	\$ 720,135		720,135
<b>Total Contributions</b>	\$ 720,135	\$ 652,250	\$ 1,372,385
<b>Deductions:</b>			
Transfer to Municipal Employee's Retirement System	\$ 720,135	\$ 755,512	1,475,647
<b>Total Deductions</b>	\$ 720,135	\$ 755,512	\$ 1,475,647
<b>Net Increase (Decrease)</b>	\$ 0	\$ (103,262)	\$ (103,262)
Net position held in trust at July 1, 2024		272,759	272,759
<b>NET POSITION HELD IN TRUST AT JUNE 30, 2025</b>	<u>\$ 0</u>	<u>\$ 169,497</u>	<u>\$ 169,497</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures
<b>PRIMARY GOVERNMENT</b>		
<u>U.S. Department of Agriculture</u>		
Rural Utilities Service:		
Water and Waste Disposal Systems for Rural Communities 2023A	10.760	\$ 126,000
Water and Waste Disposal Systems for Rural Communities ECWAG	10.760	1,000,000
Water and Waste Disposal Systems for Rural Communities SEDC	10.760	3,192,000
Water and Waste Disposal Systems for Rural Communities 00-377	10.760	1,346,700
Rural Housing Service		
Communities Facilities Grant Program	10.766	<u>481,000</u>
Total U.S. Department of Agriculture		\$ 6,145,700
<u>U.S. Department of Justice</u>		
Passed through the Michigan Department of State Police -		
National Criminal History Improvement Project 2024-2025	16.554	\$ 18,575
<u>U.S. Department of Treasury</u>		
Passed through the Michigan Department of Environment, Great Lakes, and Energy:		
Coronavirus State and Local Fiscal Recovery Funds DW-7523A	21.027	\$ 936,282
Coronavirus State and Local Fiscal Recovery Funds AD7756-01	21.027	1,748,284
Coronavirus State and Local Fiscal Recovery Funds TMF-050	21.027	406,133
Passed through the Michigan Department of Treasury -		
Coronavirus State and Local Fiscal Recovery Funds ARPA	21.027	511,782
Passed through the Michigan Department of Labor and Economic Opportunity -		
Coronavirus State and Local Fiscal Recovery Funds E20240049	21.027	<u>395,019</u>
Total U.S. Department of Treasury		\$ 3,997,500
<u>U.S. Environmental Protection Agency</u>		
Passed through the Michigan Department of Environment, Great Lakes, and Energy -		
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant	66.442	\$ 3,042,611
<u>National Endowment for the Arts</u>		
Passed through the Michigan Strategic Fund -		
Michigan Arts and Culture Council Promotion of the Arts Partnership Program	45.025	<u>3,000</u>
Total Primary Government Expenditures of Federal Awards		\$ 13,207,386
<b>COMPONENT UNIT</b>		
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 327,343
Public Housing Capital Fund	14.872	<u>39,443</u>
Total Component Unit Expenditures of Federal Awards		\$ 366,786
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$ 13,574,172</u></b>

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

1. Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Ironwood, Michigan under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Ironwood, Michigan, it is not intended to and does not present the financial position or changes in net position of City of Ironwood, Michigan.
2. Expenditures reported in the Schedule are presented on the modified accrual basis of accounting for the Governmental Funds and the accrual basis of accounting for the Proprietary Funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. City of Ironwood, Michigan has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
4. City of Ironwood, Michigan, had twelve loans outstanding with U.S. Department of Agriculture at June 30, 2025, for a total of \$18,482,000.
5. Of the federal expenditures presented in the schedule, City of Ironwood, Michigan, provided no federal awards to subrecipients.
6. The major federal assistance program is listed in the Schedule of Findings and Questioned Costs. City of Ironwood, Michigan does not qualify as a low-risk auditee in accordance with the Uniform Guidance. Major programs, which must exceed 40% of the total federal awards expended, were selected using a risk-based approach based on auditors' risk assessments. All other federal programs are considered non-major programs.
7. Expenditures in this schedule are in agreement with the amounts reported in the financial statements. Following is a schedule reconciling the expenditures per the schedule of expenditures to the financial statements:

Primary Government Federal expenditures	\$ 13,207,386
Current year construction in progress financed with loan funds and construction accounts payable	<u>(126,000)</u>
Federal grant revenue per financial statements	<u>\$ 13,081,386</u>
Recap of Federal grant revenue per financial statements:	
General Fund	\$ 1,011,357
Downtown Ironwood Development Authority	3,000
Library Fund	395,019
Water Utility Fund	<u>11,672,010</u>
	<u>\$ 13,081,386</u>

SUPPLEMENTAL  
REPORTS

**AHONEN & TREGEMBO, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
301 N. SUFFOLK STREET  
IRONWOOD, MICHIGAN 49938-2027

**K. T. AHONEN, C.P.A.**  
**L. M. TREGEMBO, C.P.A.**  
**MEMBERS**

**TELEPHONE**  
**(906) 932-4430**  
**FAX**  
**(906) 932-0677**  
**EMAIL**  
mpa@ironwoodcpa.com

INDEPENDENT AUDITORS' 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 Mayor and Members of the Commission  
City of Ironwood, Michigan  
Ironwood, Michigan

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 remaining fund information of City of Ironwood, Michigan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Ironwood, Michigan's basic financial statements and have issued our report thereon dated December 29, 2025. Our report includes a reference to other auditors who audited the financial statements of the Ironwood Housing Commission as described in our report on the City of Ironwood, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Ironwood, Michigan'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 City of Ironwood, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ironwood, Michigan'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ironwood, Michigan's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 City of Ironwood, Michigan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ahonen & Tregembo, PLLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Ironwood, Michigan  
December 29, 2025

**AHONEN & TREGEMBO, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
301 N. SUFFOLK STREET  
IRONWOOD, MICHIGAN 49938-2027

**K. T. AHONEN, C.P.A.**  
**L. M. TREGEMBO, C.P.A.**  
**MEMBERS**

**TELEPHONE**  
**(906) 932-4430**  
**FAX**  
**(906) 932-0677**  
**EMAIL**  
[mpa@ironwoodcpa.com](mailto:mpa@ironwoodcpa.com)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and Members of the Commission  
City of Ironwood, Michigan  
Ironwood, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Ironwood, Michigan's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Ironwood, Michigan's major federal programs for the year ended June 30, 2025. City of Ironwood, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements also include the operations of the Ironwood Housing Commission, which received \$366,786 in federal awards included in the schedule of expenditures of federal awards for the year ended June 30, 2025.

In our opinion, City of Ironwood, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Ironwood, Michigan and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Ironwood, Michigan's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Ironwood, Michigan's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Ironwood, Michigan's compliance based on our audit. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Ironwood, Michigan's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Ironwood, Michigan's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ironwood's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Ironwood, Michigan's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Ironwood, Michigan  
December 29, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2025

---

A. SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued based on financial statements prepared in accordance with generally accepted accounting principles:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major federal programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems For Rural Communities
66.442	Water Infrastructure Improvements for the Nation Small and Underserved Communities - Emerging Contaminants

Dollar threshold used to distinguish Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

---

B. FINANCIAL STATEMENT FINDINGS

There were no significant deficiencies disclosed during the financial statement audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs related to the major federal award programs.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CITY OF IRONWOOD, MICHIGAN

Year ended June 30, 2024

---

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no significant deficiencies disclosed during the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings and questioned costs related to the federal award programs.

**AHONEN & TREGEMBO, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
301 N. SUFFOLK STREET  
IRONWOOD, MICHIGAN 49938-2027

**K. T. AHONEN, C.P.A.**  
**L. M. TREGEMBO, C.P.A.**  
**MEMBERS**

**TELEPHONE**  
**(906) 932-4430**  
**FAX**  
**(906) 932-0677**  
**EMAIL**  
mpa@ironwoodcpa.com

December 29, 2025

To the Mayor and Members of the Commission  
City of Ironwood, Michigan  
Ironwood, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of City of Ironwood, Michigan, for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 July 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Ironwood, Michigan, are described in Note A to the financial statements. We noted no transactions entered into by the City of Ironwood, Michigan 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 governmental activities and business-type activities financial statements were:

Management's estimate of the useful lives, related depreciation expense and salvage values is based on historical experience and lives commonly used by local governments and the straight-line method of depreciation.

Management's estimate for the accumulated compensated absences is based on the number of hours accrued to June 30, 2025 for each employee times their current rate of pay and adjusting for any pay-out percentage determined by years of service as stated in collective bargaining agreements and employee contracts or as approved by the City Council.

Management's estimate for pension related items is based on information and actuarial calculations provided by the plan administrator.

## **AHONEN & TREGEMBO, PLLC**

To the Mayor and Members of the Commission

December 29, 2025

Page 2

Management's estimate for postemployment benefits other than pension plans is based on information provided by the City of Ironwood and actuarial calculations performed by the actuary.

We evaluated the methods, assumptions, and data used to develop the accounting estimates in determining that they are 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 disclosures affecting the financial statements were:

The disclosures related to the Retirement System and Other Postemployment Benefits.

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 December 29, 2025.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Ironwood, Michigan'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 relevant facts. To our knowledge, there were no such consultations with other accountants.

## **AHONEN & TREGEMBO, PLLC**

To the Mayor and Members of the Commission

December 29, 2025

Page 3

### *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 City of Ironwood, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the supplemental information, which is required supplemental 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 the Other Financial Information, which accompany the financial statements but are not RSI. With respect to the Other Financial 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 Other Financial 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 the Mayor and Members of the Commission and management of City of Ironwood, Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Ahonen & Tregembo, PLLC".

Certified Public Accountants