

**CITY OF MUNISING, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2025**

## TABLE OF CONTENTS

Independent Auditor's Report.....	5
Management's Discussion and Analysis (Unaudited).....	8

### **BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements:	
Statement of Net Position.....	18
Statement of Activities.....	19
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance.....	22
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Proprietary Funds:	
Statements of Net Position.....	24
Statements of Revenues, Expenses and Changes in Net Position.....	25
Statements of Cash Flows.....	26
Fiduciary Funds:	
Statements of Fiduciary Net Position.....	28
Statements of Changes in Fiduciary Net Position.....	29
Component Units:	
Combining Statement of Net Position.....	30
Combining Statement of Activities.....	31
Notes to Financial Statements.....	32

### **REQUIRED SUPPLEMENTARY INFORMATION**

Municipal Employees' Retirement System:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios.....	76
Schedule of Employer Contributions.....	78
General Fund Budgetary Comparison Schedule.....	79
Major Street Fund Budgetary Comparison Schedule.....	80
Local Street Fund Budgetary Comparison Schedule.....	81

**TABLE OF CONTENTS (Continued)**

**OTHER SUPPLEMENTARY INFORMATION**

**MAJOR GOVERNMENTAL FUNDS**

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	84
--	----

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**

Non-major Governmental Funds Combining Balance Sheet.....	92
Non-major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	93
Non-major Special Revenue Funds Combining Balance Sheet.....	94
Non-major Special Revenue Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	95
Police Training Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	96
Brownfield Redevelopment Authority Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	97
Non-major Debt Service Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	98

**ENTERPRISE FUNDS**

Sewer Fund:	
Statement of Net Position.....	100
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual.....	101
Water Fund:	
Statement of Net Position.....	102
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual.....	103
Marina Fund:	
Statement of Net Position.....	104
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual.....	105

**TABLE OF CONTENTS (Continued)**

**INTERNAL SERVICE FUNDS**

Internal Service Funds Combining Statement of Net Position.....	108
Internal Service Funds Combining Statement of Revenues, Expenses and Changes in Net Position.....	109
Internal Service Funds Combining Statement of Cash Flows .....	110
Motor Pool Fund:	
Statement of Net Position.....	112
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual.....	113
Municipal Building Authority Fund:	
Statement of Net Position.....	114
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual.....	115

**COMPLIANCE SECTION**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	117
---	-----

**COMMUNICATIONS SECTION**

Report to Management .....	120
Corrective Action Plan.....	123
Communication with Those Charged with Governance.....	124



## INDEPENDENT AUDITOR'S REPORT

To the City Commission of the  
City of Munising, Michigan  
301 E. Superior Street  
Munising, Michigan 49862

### **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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Munising, Michigan (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, 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 the Munising Housing Commission, which represent 49 percent, 52 percent, and 60 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2025. 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 the Munising Housing Commission, is based solely on the report for 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 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.

#### ***Change in Accounting Principle***

As described in Note R to the financial statements, in fiscal year 2024-2025, the City adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

To the City Commission of the  
City of Munising, Michigan

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

To the City Commission of the  
City of Munising, Michigan

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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, based on our audit and the report of other auditors, the Other Supplementary 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 our report dated December 30, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

December 30, 2025

## City of Munising, Michigan

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

Our discussion and analysis of the City of Munising, Michigan's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2025. Please read it in conjunction with the financial statements, which begin as listed in the table of contents.

#### **FINANCIAL HIGHLIGHTS**

- Net position for the City as a whole increased by \$1,522,837 as a result of this year's operations. Net position of our governmental activities increased by \$52,906 or 1 percent, and net position of our business-type activities increased by \$1,469,931 or 11 percent.
- During the year, the City had expenses for governmental activities that were \$5,159,321 and generated \$4,585,221 in general revenues and other program sources (excluding transfers).
- The City's business-type activities had expenses of \$2,915,144 and generated \$5,012,081 in revenues (excluding transfers).
- The General Fund reported a net decrease in fund balance of \$413,611.

#### **USING THIS ANNUAL REPORT**

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

#### **Reporting the City as a Whole**

Our analysis of the City as a whole begins below. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's *net position* and changes in it. You can think of the City's net position – the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources – as one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position is an indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

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

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and marina activities are reported here.
- *Component units* – The City includes three separate legal entities in its report – the Downtown Development Authority, the Landfill Authority, and the Munising Housing Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

### Reporting the City's Most Significant Funds

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**The City as Trustee**

The City is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position as listed in the table of contents. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The City as a Whole**

Table 1 provides a summary of the City’s net position as of June 30, 2025 and 2024.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$4,466,773	\$4,238,354	\$4,919,303	\$4,716,396	\$9,386,076	\$8,954,750
Capital assets, net	7,724,777	7,364,364	27,060,541	25,798,457	34,785,318	33,162,821
<b>Total Assets</b>	<b>12,191,550</b>	<b>11,602,718</b>	<b>31,979,844</b>	<b>30,514,853</b>	<b>44,171,394</b>	<b>42,117,571</b>
Deferred outflows of resources	371,834	347,069	269,671	352,638	641,505	699,707
Current liabilities	1,248,276	410,174	68,355	44,114	1,316,631	454,288
Non-current liabilities	5,309,219	5,547,296	17,832,253	17,942,531	23,141,472	23,489,827
<b>Total Liabilities</b>	<b>6,557,495</b>	<b>5,957,470</b>	<b>17,900,608</b>	<b>17,986,645</b>	<b>24,458,103</b>	<b>23,944,115</b>
Deferred inflows of resources	404,748	444,082	91,277	93,147	496,025	537,229
<b>Net Position:</b>						
Net investment in capital assets	5,703,489	5,110,760	10,567,946	9,522,266	16,271,435	14,633,026
Restricted	605,889	735,660	1,800,148	1,112,389	2,406,037	1,848,049
Unrestricted	(708,237)	(298,185)	1,889,536	2,153,044	1,181,299	1,854,859
<b>Total Net Position</b>	<b>\$5,601,141</b>	<b>\$5,548,235</b>	<b>\$14,257,630</b>	<b>\$12,787,699</b>	<b>\$19,858,771</b>	<b>\$18,335,934</b>

Net position of the City’s governmental activities stood at \$5,601,141. *Unrestricted* net position—the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at (\$708,237).

The (\$708,237) in unrestricted net position of governmental activities represents the accumulated results of all past years’ operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The net position of our business-type activities stood at \$14,257,630. The City can generally only use this net position to finance continuing operations of the water and sewer and other enterprise operations.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

The results of this year’s operations for the City as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2025 and 2024.

**Table 2  
Statement of Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$906,421	\$801,927	\$3,358,805	\$3,185,709	\$4,265,226	\$3,987,636
Operating grants and contributions	824,845	635,125	100,000	100,000	924,845	735,125
Capital grants and Contributions	677,839	153,019	1,509,141	398,776	2,186,980	551,795
General Revenues:						
Property taxes	1,286,815	1,228,295	-	-	1,286,815	1,228,295
Unrestricted	818,270	853,204	-	-	818,270	853,204
Investment earnings	61,738	57,473	44,135	51,946	105,873	109,419
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous	9,293	15,957	-	-	9,293	15,957
<b>Total Revenues</b>	<b>4,585,221</b>	<b>\$3,745,000</b>	<b>5,012,081</b>	<b>3,736,431</b>	<b>9,597,302</b>	<b>7,481,431</b>
Program Expenses:						
General government	843,496	644,728	-	-	843,496	644,728
Public safety	875,572	777,499	-	-	875,572	777,499
Public works	2,776,152	1,720,141	-	-	2,776,152	1,720,141
Community and economic dev.	156,785	67,203	-	-	156,785	67,203
Recreation and culture	511,843	537,011	-	-	511,843	537,011
Debt service	(4,527)	(1,893)	-	-	(4,527)	(1,893)
Sewer	-	-	1,602,514	1,639,601	1,602,514	1,639,601
Water	-	-	1,060,038	1,106,169	1,060,038	1,106,169
Marina	-	-	252,592	292,068	252,592	292,068
<b>Total Expenses</b>	<b>5,159,321</b>	<b>3,744,689</b>	<b>2,915,144</b>	<b>3,037,838</b>	<b>8,074,465</b>	<b>6,782,527</b>
Excess (deficiency) before transfers	(574,100)	311	2,096,937	698,593	1,522,837	698,904
Transfers	627,006	424,852	(627,006)	(424,852)	-	-
Increase (decrease) in net position	52,906	425,163	1,469,931	273,741	1,522,837	698,904
Net position, beginning	5,548,235	5,123,072	12,787,699	12,513,958	18,335,934	17,637,030
Prior period adjustment	-	-	-	-	-	-
Net position, beginning, as restated	5,548,235	5,123,072	12,787,699	12,513,958	18,335,934	17,637,030
<b>Net Position, Ending</b>	<b>\$5,601,141</b>	<b>\$5,548,235</b>	<b>\$14,257,630</b>	<b>\$12,787,699</b>	<b>\$19,858,771</b>	<b>\$18,335,934</b>

The City’s total revenues and transfers were \$9,597,302. The total cost of all programs and services was \$8,074,465 leaving an increase in net position of \$1,522,837. Our analysis below separately considers the operations of governmental and business-type activities:

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

### Governmental Activities

Operations for the City of Munising during the 2024-25 fiscal year was comparable to previous years.

At the beginning of the fiscal year the City had unearned revenue of \$123,400 from its distributions of the Coronavirus State & Local Fiscal Recovery Funds as part of the American Rescue Plan Act (ARPA). The City Commission has established a sub-committee entrusted with reviewing the needs of the community and providing recommendations to the City Commission on the best utilization of the funds by the December 31, 2024 obligation deadline. In the current fiscal year, the City spent \$99,746 on the Brown’s Addition Tot-lot playground rehabilitation, Munising Bay Trail Network capital project assistance, and Ice Arena repairs/upgrades. As of June 30, 2025, the balance available to expend in future fiscal years was \$23,654.

The popularity of the City’s Tourist Park Campground remains stable and resulted in the Recreation and Culture governmental activity producing approximately \$371,000 in total income for the 2025 fiscal year compared to approximately \$223,000 in 2024 and \$214,000 in 2023. The campground is open from mid-May to mid-October. The online reservation system allows campers to book their stay starting December 1 of the preceding camping season. As part of the City’s 2024-2025 Capital Improvement Plan there were various projects at the park including improvements at both the East and the West bathroom and shower buildings. All park improvements are being made utilizing the proceeds from the capital improvement surcharge that is part of each site rental.

In 2020, the City began a multi-year improvement project on the M-28 corridor which included various infrastructure improvements including replacing water and sewer lines, road resurfacing, and replacing sidewalks. Final cleanup happened in the spring/summer of 2023. This project was partially funded through USDA Rural Development grants and low-interest rate loans. The City received its final distribution on its USDA Sewer grant in fiscal year 2023/2024. As of June 30, 2025 the City still has funds available to draw on its USDA Water loan, which is discussed more in the following Business-Type Activities section.

In 2024, the City is in the preliminary stages of another USDA Rural Development project for street, water, and sewer improvements along Washington Street. As part of the project requirements, the City must upfront the costs associated with the preliminary engineering and application functions prior to the final approval and closing on any grant or loan dollars. These costs are being accounted for in the City’s Capital Projects Fund. As of June 30, 2025, the City had expended approximately \$15,000 on this project.

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

**Table 3**  
**Governmental Activities**

	Total Cost of Services	Net Cost of Services
General government	\$843,496	\$650,534
Public safety	875,572	871,853
Public works	2,776,152	2,009,522

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

### Business-Type Activities

The business type funds within the City once again remained relatively stable when compared to the previous few years. Water and Sewer rates were once again increased at a rate equal to the utility CPI making this year the 6th consecutive year that this method has been applied. Administration and utility managers continue to identify and invest in operational efficiency upgrades in an effort to strategically lower operating costs. The City will utilize the energy audit performed by the Michigan Rural Water Association as the guiding document for these upgrades.

As previously noted, the M-28 corridor project was started in 2020 and includes a large-scale underground utility replacement project. The Sewer portion of the project was funded through a USDA loan and grant and was completed in fiscal year 2023/2024. The Water portion of the project was funded solely through a USDA loan totaling \$4,650,000. However, at the end of the corridor project there were funds still available to be drawn on the Water loan. The City worked with the USDA to identify other projects eligible for the loan and in the current year the City made draws totaling \$551,965 in federal grants on the Water Loan. As of June 30, 2025, the City has made draws on the loan totaling \$4,223,965.

The demand for services at the municipal marina was comparable to the prior year. Commercial and seasonable dock fees remain relatively stable, not fluctuating drastically from year to year. However, transient dock fees continue to see large increases over recent years due to the continued increase in tourism in the area during the summer months. Operational costs were stable except for gas prices, which can fluctuate greatly during the year. The Munising Bay Boating Access Site Phase I is coming to a close at the end of the fiscal year, with engineering on Phase II slated to start July 2025.

The combination of these factors caused the net position of the business-type activities to increase by \$1,469,931.

### THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet listed in the table of contents) reported a *combined* fund balance of \$3,048,449, a decrease of \$676,726 from the beginning of the year.

During the budget formulation period preceding a budget year, the City Commission and Administration utilize a series of assumptions and historic trends to formulate a realistic budget. Throughout the course of the fiscal year, the City revised the budget as actual revenues and expenditures were incurred.

### General Fund Budgetary Highlights

General Fund operations were comparable to the previous year. During the current year revenues came in over budget by \$9,555. Additionally, the City was under budget in most expenditure areas which led to the overall change in fund balance being \$633,347 less than the budgeted decrease of \$1,046,958.

Although the City's operations for the most part are comparable to the previous year there were some items that had more significant impacts and revenues and expenditures as expounded upon below:

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

### Revenues

The City's original budgeted revenues were \$2,889,461 (not including transfers). During the year, as part of the City Commission routine budget review the budget increased to \$3,235,071, an increase of \$345,610. The majority of this increase came from intergovernmental revenues and charges for services. The budget for intergovernmental revenues was amended to better reflect the amount of state funding the City received through various sources. Furthermore, due to the continued popularity of the City's Tourist Park Campground, the budgeted revenues for charges for services also increased significantly. In the end, the City's actual revenues came in very close to budgeted amounts. Although several areas came in slightly under budgeted amounts that fact was offset by interest and rents coming in at \$6,713 more than budgeted and charges for services coming in \$41,599 over budgeted amounts.

### Expenditures

The City takes a conservative approach to budgeting for expenditures. As a result, the City's actual expenditures came in lower than budgeted by \$403,138 and almost all areas came in under budgeted amounts. One area where actual expenditures came in significantly under budget was Public Works. This was primarily due to the heavy winter causing the DPW employees to spend their time in other funds rather than the General Fund.

## **Major and Local Street Funds Budgetary Highlights**

### Major Street Fund

The Major Street Fund experienced an overall decrease in fund balance of \$50,816 or \$256,319 less than the budgeted decrease of \$307,135. Budgeted revenues were adjusted during the year based on actual distributions received from the State for Act 51 and Routine Maintenance reimbursements along with budgeting for grant funds. Actual revenues came in more than budgeted by \$1,514. Additionally, expenditures came in under budget by \$254,805 mainly in the area of construction as the City had budgeted funds of \$240,600 for H-58 over Anna River preventative maintenance project that got pushed back into the 2025-2026 fiscal year.

### Local Street Fund

The Local Street Fund experienced an overall decrease in fund balance of \$44,657 or \$26,557 more than the budgeted decrease of \$18,100. The overall decrease was the result of revenues and transfers not covered expenditures in the current year. Budgets can fluctuate significantly throughout the year based on the extent of construction projects scheduled to take place and the difference between actual and expected snow during the winter months. Otherwise, operations were comparable to the prior year.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2025, the City had \$34,785,318 invested in a variety of capital assets including land, buildings, and other equipment. (See Table 4 below)

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

	Governmental Activities	Business-Type Activities	Total Primary Government	
	2025	2025	2025	2024
Land	\$20,000	\$12,275	\$32,275	\$32,275
Construction in progress	220,529	2,147,778	2,368,307	491,486
Land Improvements	885,401	-	885,401	779,393
Buildings and improvements	2,850,123	-	2,850,123	2,809,409
Infrastructure	3,172,546	-	3,172,546	3,196,016
Equipment and furnishings	576,178	-	576,178	487,598
Leased equipment	-	-	-	996
Sewer system and equipment	-	13,134,601	13,134,601	13,434,600
Water system and equipment	-	8,747,633	8,747,633	8,805,966
Marina	-	3,018,254	3,018,254	3,125,082
Total	<u>\$7,724,777</u>	<u>\$27,060,541</u>	<u>\$34,785,318</u>	<u>\$33,162,821</u>

**Governmental Activities**

During the year, the City completed the fencing at the cemetery and continued work on the Washington Street project. Other additions in the current year included a new playground at the Browns Addition Boat Launch, renovations at the bathroom/shower building at Tourist Park, and infrastructure improvements started for Varnum Street. The City also purchased new police vehicles and pickup truck and placed an order for a 2026 International HX620 truck for the department of public works, which is scheduled to be placed in service in fiscal year 2025/2026.

The City sold a pierce ladder fire truck and two Dodge chargers in the current year.

As part of the City’s Capital Improvement Plan, capital asset projects scheduled for fiscal year 2025/2026 include: the continuation of the Washington Street Project, preventative maintenance projects on a number of City streets, and taking delivery of a patrol vehicle that was originally ordered in 2024.

**Business-Type Activities**

During the year, the City continued work on the sewer and water line replacement as part of the Washington Street project. Furthermore, the City has a Community Technical, Managerial, and Financial (TMF) Support for Lead Line Replacement Grant. Water and Sewer lines are also being replaced as part of the Varnum Street project. As these projects were still ongoing at year end they are included in construction in progress.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

The City also has a Michigan Department of Natural Resources Waterways grant. Phase 1 of the project is scheduled to finish in the fall and is presented as part of construction in progress at the end of the year. Phase 2 of the project is scheduled to begin in fiscal year 2025/2026.

During the year, the City completed the water tank roof replacement project that was started in the prior year and completed painting the water storage tank. The City also made various improvements to the sewer treatment building and replaced some equipment.

Other than placing prior year construction in progress in service, there were no asset disposals for the business-type activities in the current year.

As part of the City’s Capital Improvement Plan, fiscal year 2025/2026 capital projects include: continuation of the Washington Street Water/Sewer infrastructure improvements, heating of the storage building at the Wastewater Treatment Plant, Anna River Lift Station upgrades, and Munising Bay Boating Access Site Phase II engineering.

Further details on capital assets can be found in the notes to the financial statements.

**Debt**

At the end of fiscal year 2025, the City had \$17,629,975 in bonds, notes, and leases outstanding as depicted in Table 5 below.

**Table 5  
Outstanding Debt at Year end**

	Governmental	Business-	Total Primary	
	Activities	Type Activities	Government	
	2025	2025	2025	2024
General obligation bonds	\$1,480,560	\$466,440	\$1,947,000	\$2,185,000
Revenue bonds	-	15,610,975	15,610,975	15,483,794
Notes and contracts payable	153,000	69,000	222,000	280,500
Leases payable	-	-	-	1,260
Total	\$1,633,560	\$16,146,415	\$17,779,975	\$17,950,554

Governmental Activities

The City utilizes its Capital Projects Fund to record all capital project activity. During the year the Capital Projects Fund shows proceeds from borrowing of \$551,965; however, that debt is related to the Water Fund and accordingly is presented there as long-term liability as noted below.

The City did not issue any new debt in its governmental activities in the current fiscal year and made principal payments of \$191,620 on its bonds and notes, and \$1,260 on its leases payable.

Business-Type Activities

As noted above, during the year the City made draws of \$551,965 on its USDA water loan. Although the City is still in the process of making draws on its USDA Water Loan it has begun making principal and interest payments on the debt. The principal payments are based on the prescribed bond amortization schedule whereas the interest payments are based on the amount of the outstanding debt while the City is still in the process of drawing down the loan. As of June 30, 2025, the City has \$426,035 left to be drawn on its USDA water loan.

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

The City made principal payments on its business-type activities of \$519,880 and amortized bond premiums of \$9,784.

Further details on long-term debt can be found in the notes to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

During the creation and finalization of the 2025-26 fiscal year budget, the City's elected and appointed officials considered many important internal and external factors.

The City continues its positive financial trend across our governmental and business-type funds. General Fund revenues continue to see slight increases. Tourism from the National Lakeshore continues to attract large numbers of seasonal summer tourists to the community. A snowy winter helped attract winter tourists to the area.

The City has advanced a variety of projects over the fiscal year. A project to complete the West Campground Bathroom and Shower facilities was finished in 2025. The East Campground bathroom will be completed in time for the 2026 Memorial Day weekend. The City's Boat Launch parking area was revitalized in 2025 with improved parking, a fish cleaning station, and a sign, which will be installed in the spring of 2026. The Boat Launch revitalization will continue with a Phase II, which will replace/expand the boat ramp portion of the facility; funding for design is anticipated be sought at the beginning of the 2026 calendar year. A crack sealing project was completed in 2025 to improve roads around the community.

Once again, the City is looking to identify and address current and future infrastructure needs. Congressionally Directed Spending (CDS) funds awarded to the City are being used to reconstruct Washington Street; the project is in the design phase and is 90% complete. Construction could begin as early as the 2026 construction season.

The City is continuing the use of its new Capital Improvement Plan (Plan) to prioritize and guide the advancement of projects. The Plan includes basic capital needs for the City, such as streets, utilities, public facilities, and equipment.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at City of Munising, 301 E. Superior Street, Munising, Michigan, 49862.

City of Munising, Michigan

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 3,445,458	\$ 3,173,397	\$ 6,618,855	\$ 1,043,231
Investments	-	-	-	-
Receivables, net	798,592	329,081	1,127,673	17,363
Primary government internal balances	147,453	(147,453)	-	-
Lease receivable	2,472	-	2,472	-
Other current assets	37,413	16,475	53,888	8,943
Non-current Assets:				
Restricted assets	34,123	1,547,803	1,581,926	35,256
Long-term receivable	-	-	-	-
Lease receivable	1,262	-	1,262	-
Advance to primary government	-	-	-	125,000
Capital Assets:				
Land and construction in progress	240,529	2,160,053	2,400,582	139,622
Other capital assets, net	7,484,248	24,900,488	32,384,736	1,814,365
<b>TOTAL ASSETS</b>	<b>12,191,550</b>	<b>31,979,844</b>	<b>44,171,394</b>	<b>3,183,780</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	179,341	104,849	284,190	-
Employer contributions subsequent to measurement date	192,493	84,983	277,476	-
Deferred amount on bond refunding	-	79,839	79,839	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>371,834</b>	<b>269,671</b>	<b>641,505</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,127,741	49,362	1,177,103	44,594
Accrued liabilities	86,590	18,993	105,583	22,565
Other current liabilities	10,291	-	10,291	31,982
Unearned revenue	23,654	-	23,654	-
Non-current Liabilities:				
Portion due or payable within one year:				
Bonds payable	152,920	523,080	676,000	60,000
Notes payable	18,750	17,250	36,000	-
Lease liability	-	-	-	-
Advance from component unit	7,750	17,250	25,000	-
Employee benefits	157,923	64,753	222,676	19,076
Portion due or payable after one year:				
Bonds payable	1,327,640	15,554,335	16,881,975	240,000
Notes payable	134,250	51,750	186,000	-
Lease liability	-	-	-	-
Advance from component unit	31,000	69,000	100,000	-
Employee benefits	126,223	53,404	179,627	11,713
Net pension liability	3,352,763	1,481,431	4,834,194	-
<b>TOTAL LIABILITIES</b>	<b>6,557,495</b>	<b>17,900,608</b>	<b>24,458,103</b>	<b>429,930</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts on leases	5,259	-	5,259	-
Deferred inflows related to pension	50,511	91,277	141,788	-
Deferred amount on bond refunding	348,978	-	348,978	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>404,748</b>	<b>91,277</b>	<b>496,025</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,703,489	10,567,946	16,271,435	1,828,987
Restricted	605,889	1,800,148	2,406,037	125,000
Unrestricted	(708,237)	1,889,536	1,181,299	799,863
<b>TOTAL NET POSITION</b>	<b>\$ 5,601,141</b>	<b>\$ 14,257,630</b>	<b>\$ 19,858,771</b>	<b>\$ 2,753,850</b>

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

City of Munising, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 843,496	\$ 70,471	\$ 122,491	\$ -	\$ (650,534)	\$ -	\$ (650,534)	\$ -
Public safety	875,572	2,225	1,494	-	(871,853)	-	(871,853)	-
Public works	2,776,152	-	650,860	115,770	(2,009,522)	-	(2,009,522)	-
Community and economic development	156,785	-	-	-	(156,785)	-	(156,785)	-
Recreation and culture	511,843	833,725	50,000	562,069	933,951	-	933,951	-
Debt service	(4,527)	-	-	-	4,527	-	4,527	-
<b>Total Governmental Activities</b>	<b>5,159,321</b>	<b>906,421</b>	<b>824,845</b>	<b>677,839</b>	<b>(2,750,216)</b>	<b>-</b>	<b>(2,750,216)</b>	<b>-</b>
Business-Type Activities:								
Sewer	1,602,514	1,954,473	70,000	36,169	-	458,128	458,128	-
Water	1,060,038	1,226,518	30,000	506,824	-	703,304	703,304	-
Marina	252,592	177,814	-	966,148	-	891,370	891,370	-
<b>Total Business-Type Activities</b>	<b>2,915,144</b>	<b>3,358,805</b>	<b>100,000</b>	<b>1,509,141</b>	<b>-</b>	<b>2,052,802</b>	<b>2,052,802</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,074,465</b>	<b>\$ 4,265,226</b>	<b>\$ 924,845</b>	<b>\$ 2,186,980</b>	<b>(2,750,216)</b>	<b>2,052,802</b>	<b>(697,414)</b>	<b>-</b>
<b>Component Units:</b>								
Downtown Development Authority	\$ 433,586	\$ -	\$ -	\$ -	-	-	-	(433,586)
Landfill Authority	21,946	21,946	-	-	-	-	-	-
Housing Commission	829,445	410,904	306,743	108,598	-	-	-	(3,200)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 1,284,977</b>	<b>\$ 432,850</b>	<b>\$ 306,743</b>	<b>\$ 108,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(436,786)</b>
General Revenues:								
Property taxes					1,286,815	-	1,286,815	565,599
Unrestricted intergovernmental sources					818,270	-	818,270	-
Interest and investment earnings					61,738	44,135	105,873	31,316
Gain / (loss) on sale of assets					-	-	-	-
Miscellaneous					9,293	-	9,293	113,618
<b>TOTAL GENERAL REVENUES</b>					<b>2,176,116</b>	<b>44,135</b>	<b>2,220,251</b>	<b>710,533</b>
<b>INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS</b>					<b>(574,100)</b>	<b>2,096,937</b>	<b>1,522,837</b>	<b>273,747</b>
Transfers					<b>627,006</b>	<b>(627,006)</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>52,906</b>	<b>1,469,931</b>	<b>1,522,837</b>	<b>273,747</b>
Net position, beginning of year					<b>5,548,235</b>	<b>12,787,699</b>	<b>18,335,934</b>	<b>2,480,103</b>
<b>NET POSITION, END OF YEAR</b>					<b>\$ 5,601,141</b>	<b>\$ 14,257,630</b>	<b>\$ 19,858,771</b>	<b>\$ 2,753,850</b>

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

City of Munising, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2025

	General Fund	Major Street Fund	Local Street Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,247,656	\$ 500,500	\$ 39,995	\$ 391,293	\$ 89,962	\$ 3,269,406
Cash and cash equivalents-restricted	33,945	-	-	178	-	34,123
Accounts receivable	21,715	-	-	-	-	21,715
Other receivables	15,891	-	-	-	-	15,891
Due from other governments	49,007	48,246	16,418	642,569	-	756,240
Due from other funds	-	-	-	-	-	-
Prepaid expenses	35,974	-	-	-	-	35,974
<b>TOTAL ASSETS</b>	<b>2,404,188</b>	<b>548,746</b>	<b>56,413</b>	<b>1,034,040</b>	<b>89,962</b>	<b>4,133,349</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,404,188</b>	<b>\$ 548,746</b>	<b>\$ 56,413</b>	<b>\$ 1,034,040</b>	<b>\$ 89,962</b>	<b>\$ 4,133,349</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 64,841	\$ 6,348	\$ 26,450	\$ 865,928	\$ -	\$ 963,567
Accrued liabilities	67,258	5,767	376	-	-	73,401
Accrued sick and vacation leave	-	-	-	-	-	-
Due to other funds	13,987	-	-	-	-	13,987
Due to others	10,291	-	-	-	-	10,291
Unearned revenue	23,654	-	-	-	-	23,654
<b>TOTAL LIABILITIES</b>	<b>180,031</b>	<b>12,115</b>	<b>26,826</b>	<b>865,928</b>	<b>-</b>	<b>1,084,900</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>						
Non-spendable	35,974	-	-	-	-	35,974
Restricted	33,945	445,830	-	178	89,962	569,915
Committed	-	-	-	556,673	-	556,673
Assigned	-	90,801	29,587	-	-	120,388
Unassigned	2,154,238	-	-	(388,739)	-	1,765,499
<b>TOTAL FUND BALANCE</b>	<b>2,224,157</b>	<b>536,631</b>	<b>29,587</b>	<b>168,112</b>	<b>89,962</b>	<b>3,048,449</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 2,404,188</b>	<b>\$ 548,746</b>	<b>\$ 56,413</b>	<b>\$ 1,034,040</b>	<b>\$ 89,962</b>	<b>\$ 4,133,349</b>

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

**City of Munising, Michigan**

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

June 30, 2025

**Total Fund Balances for Governmental Funds** \$ 3,048,449

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

Capital assets and leased asset used in governmental activities are not financial resources and therefore are not reported in the funds (does not includes capital assets or leased assets of internal service funds).

Capital assets not being depreciated	\$ 73,076	
Capital assets being depreciated or amortized	10,303,163	
Accumulated depreciation and amortization	<u>(4,042,168)</u>	6,334,071

Lease receivables and deferred inflows related to leases used in governmental activities relate to future periods and as such are not reported in the funds.

Lease receivable within one year	2,472	
Lease receivable greater than one year	1,262	
Deferred amounts on leases	<u>(5,259)</u>	(1,525)

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

Net pension liability	(3,185,382)	
Deferred (outflows) of resources related to net pension liability	173,072	
Employer contributions subsequent to measurement date	176,094	
Deferred inflows of resources related to net pension liability	<u>(42,748)</u>	(2,878,964)

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

Net position	<u>1,219,867</u>	1,219,867
--------------	------------------	-----------

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

Current portion of bonds payable	(143,680)	
Current portion of notes and contracts payable	(6,000)	
Current portion of lease	-	
Current portion of long-term payable to DDA	(6,000)	
Current portion of employee benefits	(152,313)	
Long-term bonds payable	(1,289,560)	
Long-term contracts and notes payable	(18,000)	
Long-term portion of lease	-	
Long-term payable to DDA	(24,000)	
Long-term portion of employee benefits	(122,194)	
Deferred gain on refunding	(348,978)	
Accrued interest on bonds	<u>(10,032)</u>	<u>(2,120,757)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 5,601,141

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

City of Munising, Michigan

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2025

	General Fund	Major Street Fund	Local Street Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 1,281,438	\$ -	\$ -	\$ -	\$ 5,378	\$ 1,286,816
Licenses and permits	29,676	-	-	-	-	29,676
Federal grants	99,746	-	-	-	-	99,746
Intergovernmental revenues	841,015	518,569	130,641	677,839	1,494	2,169,558
Charges for services	847,419	-	-	-	-	847,419
Fines and forfeits	2,225	-	-	-	-	2,225
Interest income	56,713	4,045	254	-	726	61,738
Other revenues	86,394	-	-	1,649	-	88,043
<b>TOTAL REVENUES</b>	<b>3,244,626</b>	<b>522,614</b>	<b>130,895</b>	<b>679,488</b>	<b>7,598</b>	<b>4,585,221</b>
<b>EXPENDITURES:</b>						
Current operations:						
General government	644,127	-	-	-	-	644,127
Public safety	956,458	-	-	-	-	956,458
Public works	640,542	464,643	248,252	2,282,733	-	3,636,170
Community and economic development	156,785	-	-	-	-	156,785
Recreation and culture	685,910	-	-	-	-	685,910
Debt service:						
Principal retirement	-	-	-	-	147,280	147,280
Interest and fiscal charges	-	-	-	-	30,016	30,016
<b>TOTAL EXPENDITURES</b>	<b>3,083,822</b>	<b>464,643</b>	<b>248,252</b>	<b>2,282,733</b>	<b>177,296</b>	<b>6,256,746</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>160,804</b>	<b>57,971</b>	<b>(117,357)</b>	<b>(1,603,245)</b>	<b>(169,698)</b>	<b>(1,671,525)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from borrowing	-	-	-	551,965	-	551,965
Transfers in	30,000	-	72,700	876,040	177,296	1,156,036
Transfers (out)	(604,415)	(108,787)	-	-	-	(713,202)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(574,415)</b>	<b>(108,787)</b>	<b>72,700</b>	<b>1,428,005</b>	<b>177,296</b>	<b>994,799</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(413,611)</b>	<b>(50,816)</b>	<b>(44,657)</b>	<b>(175,240)</b>	<b>7,598</b>	<b>(676,726)</b>
Fund balance, beginning of year	2,637,768	587,447	74,244	343,352	82,364	3,725,175
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,224,157</b>	<b>\$ 536,631</b>	<b>\$ 29,587</b>	<b>\$ 168,112</b>	<b>\$ 89,962</b>	<b>\$ 3,048,449</b>

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

**City of Munising, Michigan**

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

For the Fiscal Year Ended June 30, 2025

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (676,726)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	\$ 856,485	
Depreciation and amortization expense	<u>(495,228)</u>	361,257
Governmental funds do not report long-term lease receivables or amounts related to deferred inflows for leases.		
Change in long-term lease receivables	(4,865)	
Change in deferred amounts for leases	<u>4,636</u>	(229)
Repayment of principal on bonds, notes, and lease liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bonds	191,620	
Leases	<u>1,260</u>	192,880
Reduction of the Advance from Component Unit is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		6,200
Proceeds from the debt issues are an other financing source in the funds, but a debt issue increases to long-term liabilities in the statement of net position.		-
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,307
Deferred gain on refunding bonds is not recorded as revenue on governmental funds when incurred. However, for governmental activities it is shown in the statement of net position and amortized over the life of the bond.		
Amortization of deferred gain on refunding	<u>33,236</u>	33,236
In the capital project fund - the activity of the water/sewer project are recorded as revenue - loan proceeds and capital outlay expenditures. However, part of this activity is transferred to the Sewer Fund and Water Fund and recorded as loan payable and capital assets. Therefore this revenue and expenditure are not reported in governmental statement of activities		
Loan Proceeds	(551,965)	
Grant Proceeds	-	
Capital Outlay	<u>551,965</u>	-
Some expenses reported in the statement of activities, such as employee benefits are not reported as expenditures in governmental funds.		(102,110)
Net pension liability reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it is due for payment.		153,078
Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Building, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of depreciation expense.		
Change in net position	292,001	
Capital Outlays	(288,311)	
Depreciation expense	123,538	
Principal payments on long-term debt	(49,140)	
Reduction of Advance from Component Unit	(1,400)	
Change in employee benefits	<u>7,325</u>	<u>84,013</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 52,906</u></u>

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

City of Munising, Michigan

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

June 30, 2025

	Business- Type Activities Enterprise Funds			Total	Governmental
	Sewer Fund	Water Fund	Marina Fund		Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 2,066,865	\$ 953,084	\$ 153,448	\$ 3,173,397	\$ 176,052
Accounts receivable	207,104	121,977	-	329,081	4,746
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	161,440
Advance to other funds	27,616	-	-	27,616	-
Prepaid expenses	8,635	7,172	668	16,475	1,439
Non-current Assets:					
Restricted cash	911,264	636,539	-	1,547,803	-
Advance to other funds	232,314	-	-	232,314	-
Capital Assets:					
Land and construction in progress	55,100	1,061,129	1,043,824	2,160,053	167,453
Other capital assets, net	13,134,601	8,747,633	3,018,254	24,900,488	1,223,253
<b>TOTAL ASSETS</b>	<b>16,643,499</b>	<b>11,527,534</b>	<b>4,216,194</b>	<b>32,387,227</b>	<b>1,734,383</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension	24,792	80,057	-	104,849	6,269
Employer contributions subsequent to measurement date	76,462	8,521	-	84,983	16,399
Deferred amount on bond refunding	45,971	33,868	-	79,839	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>147,225</b>	<b>122,446</b>	<b>-</b>	<b>269,671</b>	<b>22,668</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Cash overdrafts	-	-	-	-	-
Accounts payable	43,180	1,294	4,888	49,362	164,174
Accrued salaries	12,352	6,641	-	18,993	3,157
Due to other funds	147,453	-	-	147,453	-
Unearned revenue	-	-	-	-	-
Non-current Liabilities:					
Portion due or payable within one year:					
Bonds payable	302,120	220,960	-	523,080	9,240
Notes payable	10,250	7,000	-	17,250	12,750
Advance from other funds	-	-	27,616	27,616	-
Advance from component unit	10,250	7,000	-	17,250	1,750
Employee benefits	48,407	16,346	-	64,753	5,610
Portion due or payable after one year:					
Bonds payable	7,998,040	7,331,285	-	15,329,325	38,080
Premium on Bonds	163,288	61,722	-	225,010	-
Notes payable	30,750	21,000	-	51,750	116,250
Advance from other funds	-	-	232,314	232,314	-
Advance from component unit	41,000	28,000	-	69,000	7,000
Employee benefits	45,464	7,940	-	53,404	4,029
Net pension liability	777,368	704,063	-	1,481,431	167,381
<b>TOTAL LIABILITIES</b>	<b>9,629,922</b>	<b>8,413,251</b>	<b>264,818</b>	<b>18,307,991</b>	<b>529,421</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension	52,480	38,797	-	91,277	7,763
<b>NET POSITION</b>					
Net investment in capital assets	4,634,003	2,131,795	3,802,148	10,567,946	1,205,636
Restricted for:					
Advance to other funds	259,930	-	-	259,930	-
USDA bond reserves	110,739	312,145	-	422,884	-
Capital improvement	800,444	316,890	-	1,117,334	-
Unrestricted	1,303,206	437,102	149,228	1,889,536	14,231
<b>TOTAL NET POSITION</b>	<b>\$ 7,108,322</b>	<b>\$ 3,197,932</b>	<b>\$ 3,951,376</b>	<b>\$ 14,257,630</b>	<b>\$ 1,219,867</b>

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

City of Munising, Michigan

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Sewer Fund	Water Fund	Marina Fund		Internal Service Funds
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,954,092	\$ 1,221,070	\$ 175,412	\$ 3,350,574	\$ -
Rents and royalties	-	-	-	-	737,989
Other operating revenue	381	5,448	2,402	8,231	6,013
<b>TOTAL OPERATING REVENUES</b>	<u>1,954,473</u>	<u>1,226,518</u>	<u>177,814</u>	<u>3,358,805</u>	<u>744,002</u>
<b>OPERATING EXPENSES:</b>					
Sewer collection and treatment	776,701	-	-	776,701	-
Transmission and distribution	-	494,332	-	494,332	-
Administrative and general	68,990	68,945	138,256	276,191	508,500
Depreciation	560,598	370,077	106,828	1,037,503	123,538
<b>TOTAL OPERATING EXPENSES</b>	<u>1,406,289</u>	<u>933,354</u>	<u>245,084</u>	<u>2,584,727</u>	<u>632,038</u>
<b>OPERATING INCOME (LOSS)</b>	<u>548,184</u>	<u>293,164</u>	<u>(67,270)</u>	<u>774,078</u>	<u>111,964</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	30,464	11,833	1,838	44,135	957
Interest expense	(196,225)	(126,684)	(7,508)	(330,417)	(5,092)
Gain (loss) on sale of assets	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(165,761)</u>	<u>(114,851)</u>	<u>(5,670)</u>	<u>(286,282)</u>	<u>(4,135)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>382,423</u>	<u>178,313</u>	<u>(72,940)</u>	<u>487,796</u>	<u>107,829</u>
Federal grants for capital asset	-	-	-	-	-
State grants for capital assets	-	-	-	-	-
Capital contributions	36,169	506,824	966,148	1,509,141	-
Transfers from local units for debt	70,000	30,000	-	100,000	-
Transfers in	-	-	-	-	356,366
Transfers (out)	(198,920)	(328,086)	(100,000)	(627,006)	(172,194)
<b>CHANGE IN NET POSITION</b>	<u>289,672</u>	<u>387,051</u>	<u>793,208</u>	<u>1,469,931</u>	<u>292,001</u>
Net position, beginning of year	<u>6,818,650</u>	<u>2,810,881</u>	<u>3,158,168</u>	<u>12,787,699</u>	<u>927,866</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 7,108,322</u>	<u>\$ 3,197,932</u>	<u>\$ 3,951,376</u>	<u>\$ 14,257,630</u>	<u>\$ 1,219,867</u>

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

City of Munising, Michigan

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

For the Fiscal Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Marina Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from fees and charges for services	\$ 1,935,086	\$ 1,211,248	\$ 176,968	\$ 3,323,302	\$ 733,243
Other operating revenues	381	5,448	2,402	8,231	6,013
Cash payments to employees for services	(546,000)	(316,381)	(55,530)	(917,911)	(172,256)
Cash payments to suppliers for goods and services	(292,359)	(272,421)	(81,703)	(646,483)	(178,463)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,097,108</b>	<b>627,894</b>	<b>42,137</b>	<b>1,767,139</b>	<b>388,537</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Increase (decrease) in cash overdraft	-	-	-	-	-
(Increase) decrease in due from other funds	-	-	-	-	(161,440)
Increase (decrease) in due to other funds	147,453	-	-	147,453	-
(Increase) decrease in advance to other funds	26,891	-	-	26,891	-
Payments from (to) other funds	(198,920)	(328,086)	(100,000)	(627,006)	184,172
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(24,576)</b>	<b>(328,086)</b>	<b>(100,000)</b>	<b>(452,662)</b>	<b>22,732</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	(274,651)	(1,147,185)	(966,147)	(2,387,983)	(288,311)
Federal grants for capital assets	-	-	-	-	-
State grants for capital assets	-	-	-	-	-
Capital contributions	36,169	506,824	966,148	1,509,141	-
Net book value of disposed assets	-	-	-	-	844
Net proceeds from borrowings	-	551,965	-	551,965	-
Proceeds from refunding bonds	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Deferred amounts on refunding	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Payments on advance from other funds	-	-	(26,891)	(26,891)	-
Transfers from local units for debt	70,000	30,000	-	100,000	-
Transfers to DDA component unit for debt	(8,200)	(5,600)	-	(13,800)	(1,400)
Principal payments on revenue bonds and notes payable	(300,320)	(219,560)	-	(519,880)	(49,140)
Interest paid on debt	(201,326)	(127,895)	(7,508)	(336,729)	(5,092)
<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(678,328)</b>	<b>(411,451)</b>	<b>(34,398)</b>	<b>(1,124,177)</b>	<b>(343,099)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest income	30,464	11,833	1,838	44,135	957
(Increase) decrease in restricted assets - net	(22,519)	(42,030)	-	(64,549)	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>7,945</b>	<b>(30,197)</b>	<b>1,838</b>	<b>(20,414)</b>	<b>957</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>402,149</b>	<b>(141,840)</b>	<b>(90,423)</b>	<b>169,886</b>	<b>69,127</b>
Cash and cash equivalents, beginning of year	1,664,716	1,006,528	243,871	2,915,115	106,925
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,066,865</b>	<b>\$ 864,688</b>	<b>\$ 153,448</b>	<b>\$ 3,085,001</b>	<b>\$ 176,052</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 548,184	\$ 293,164	\$ (67,270)	\$ 774,078	\$ 111,964
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	560,598	370,077	106,828	1,037,503	123,538
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(19,006)	(9,822)	1,556	(27,272)	(4,746)
(Increase) decrease in prepaid expenses	748	(830)	(175)	(257)	(173)
Increase (decrease) in accounts payable	30,227	(8,817)	4,888	26,298	164,174
Increase (decrease) in accrued salaries	1,402	231	(3,690)	(2,057)	711
Increase (decrease) in unearned revenue	-	-	-	-	-
Increase (decrease) in employee benefits	41,423	(8,701)	-	32,722	7,325
Increase (decrease) in net pension and related	(66,468)	(7,408)	-	(73,876)	(14,256)
<b>NET ADJUSTMENTS</b>	<b>548,924</b>	<b>334,730</b>	<b>109,407</b>	<b>993,061</b>	<b>276,573</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,097,108</b>	<b>\$ 627,894</b>	<b>\$ 42,137</b>	<b>\$ 1,767,139</b>	<b>\$ 388,537</b>

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

**THIS PAGE WAS LEFT BLANK INTENTIONALLY**

**City of Munising, Michigan**

FIDUCIARY FUNDS

STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2025

	<b>Private- Purpose Trust Fund</b>	<b>Custodial Funds</b>	
	<b>Substandard Housing</b>	<b>Trust &amp; Agency Fund</b>	<b>Tax Collection Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,218	\$ 18,711	\$ 14,317
Due from others	-	-	-
<b>TOTAL ASSETS</b>	<u>29,218</u>	<u>18,711</u>	<u>14,317</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Due to others	-	-	14,317
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>14,317</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for:			
Organizations and other governments	<u>29,218</u>	<u>18,711</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 29,218</u></u>	<u><u>\$ 18,711</u></u>	<u><u>\$ -</u></u>

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

**City of Munising, Michigan**

FIDUCIARY FUNDS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2025

	<b>Private- Purpose Trust Fund</b>	<b>Custodial Funds</b>	
	<b>Substandard Housing</b>	<b>Trust &amp; Agency Fund</b>	<b>Tax Collection Fund</b>
<b>ADDITIONS:</b>			
Investment Income:			
Interest and dividends	\$ 282	\$ 16	\$ -
Net Investment Income (Loss)	<u>282</u>	<u>16</u>	<u>-</u>
Other Additions:			
Collections for organizations and other governments	-	-	-
Property tax collections for other governments	-	-	2,823,464
Total Other Additions	<u>-</u>	<u>-</u>	<u>2,823,464</u>
<b>TOTAL ADDITIONS</b>	<u>282</u>	<u>16</u>	<u>2,823,464</u>
<b>DEDUCTIONS:</b>			
Payments in accordance with trust agreements	-	-	-
Payments to organizations and other governments	-	-	-
Payments of property tax collections for other governments	-	-	2,823,464
<b>TOTAL DEDUCTIONS</b>	<u>-</u>	<u>-</u>	<u>2,823,464</u>
<b>CHANGE IN NET POSITION</b>	282	16	-
Net position, beginning of year	<u>28,936</u>	<u>18,695</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 29,218</u></u>	<u><u>\$ 18,711</u></u>	<u><u>\$ -</u></u>

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

**City of Munising, Michigan**

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

June 30, 2025

	<b>Downtown Development Authority</b>	<b>Landfill Authority</b>	<b>Housing Commission</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 492,883	\$ 5,244	\$ 545,104	\$ 1,043,231
Investments	-	-	-	-
Receivables, net	7,999	773	8,591	17,363
Prepaid expenses	-	-	8,943	8,943
Non-current Assets:				
Cash and cash equivalents - restricted	3,926	1,094	30,236	35,256
Loan receivable	-	-	-	-
Advance to primary government	125,000	-	-	125,000
Capital Assets:				
Land and construction in progress	81,050	-	58,572	139,622
Other capital assets, net	893,945	-	920,420	1,814,365
<b>TOTAL ASSETS</b>	<b>1,604,803</b>	<b>7,111</b>	<b>1,571,866</b>	<b>3,183,780</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	-	44,594	44,594
Accrued liabilities	359	-	22,206	22,565
Due to other governments	-	-	-	-
Tenant security deposits	-	-	30,236	30,236
Unearned revenue	-	-	1,746	1,746
Non-current Liabilities:				
Portion due or payable within one year:				
Bond payable	60,000	-	-	60,000
Employee benefits	-	-	19,076	19,076
Portion due or payable after one year:				
Bond payable	240,000	-	-	240,000
Employee benefits	-	-	11,713	11,713
<b>TOTAL LIABILITIES</b>	<b>300,359</b>	<b>-</b>	<b>129,571</b>	<b>429,930</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	849,995	-	978,992	1,828,987
Restricted	125,000	-	-	125,000
Unrestricted	329,449	7,111	463,303	799,863
<b>TOTAL NET POSITION</b>	<b>\$ 1,304,444</b>	<b>\$ 7,111</b>	<b>\$ 1,442,295</b>	<b>\$ 2,753,850</b>

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

City of Munising, Michigan

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Landfill Authority	Housing Commission	Total
Downtown Development Authority Operations	\$ 433,586	\$ -	\$ -	\$ -	\$ (433,586)	\$ -	\$ -	\$ (433,586)
Landfill Authority Operations	21,946	21,946	-	-	-	-	-	-
Housing Commission Operations	829,445	410,904	306,743	108,598	-	-	(3,200)	(3,200)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 1,284,977</b>	<b>\$ 432,850</b>	<b>\$ 306,743</b>	<b>\$ 108,598</b>	<b>(433,586)</b>	<b>-</b>	<b>(3,200)</b>	<b>(436,786)</b>
General Revenues:								
Property taxes					565,599	-	-	565,599
Interest and investment earnings					13,280	279	17,757	31,316
Gain / (loss) on sale of assets					-	-	-	-
Miscellaneous					26,450	-	87,168	113,618
<b>TOTAL GENERAL REVENUES</b>					<b>605,329</b>	<b>279</b>	<b>104,925</b>	<b>710,533</b>
<b>CHANGE IN NET POSITION</b>					<b>171,743</b>	<b>279</b>	<b>101,725</b>	<b>273,747</b>
Net position, beginning of year					1,132,701	6,832	1,340,570	2,480,103
<b>NET POSITION, END OF YEAR</b>					<b>\$ 1,304,444</b>	<b>\$ 7,111</b>	<b>\$ 1,442,295</b>	<b>\$ 2,753,850</b>

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

CITY OF MUNISING, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

Description

The City was chartered in 1915 under Public Act 279 of 1909, as amended, as a home rule city and is located in Alger County, Michigan. The City operates under a Commission (five member) - Manager Form of government. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed in the footnotes to the financial statements are included in the City's reporting entity because of the significance of its operational and financial relationships with the City.

**BASIS OF PRESENTATION**

Government-Wide Financial Statements

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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

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

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

### Fund Financial Statements

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

#### *Governmental Funds*

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

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

#### *Proprietary Funds*

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

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

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

### *Fiduciary Funds*

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

### *Major Funds*

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

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Major Street Fund** accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to Federal and State trunklines and certain "mile" roads designated as major under contractual agreement with the State of Michigan.
- The **Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.
- The **Capital Projects Fund** accounts for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

- The **Sewer Fund** accounts for the activities related to sanitary sewer operation and booster stations and billing for services.
- The **Water Fund** accounts for the activities related to water treatment and distribution and billing for services.
- The **Marina Fund** accounts for the activities related to operation of the Marina.

The City's internal service funds are presented in the proprietary funds' financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public works, etc.)

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

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

### **BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### *Accrual*

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

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

#### *Modified Accrual*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, employee benefits (accrued vacation and sick leave), and claims and judgments are recorded only when payment is due.

### **FINANCIAL STATEMENT AMOUNTS**

#### Budgets and Budgetary Accounting

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

1. On the second Monday in April, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year commencing July 1 in accordance with the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. Not later than the first Monday in May, the budget is adopted by the City Commission in accordance with the provisions of the City Charter.

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

4. The City Commission adopts the budget by functional categories in the general fund and by total fund level for special revenue funds. Any transfers of appropriations between functions must be approved by the City Commission. All unencumbered and unexpended appropriations lapse at year end.
5. Formal budgetary integration is employed as a management control device for the general fund and all special revenue funds. The budgets for the capital projects and enterprise funds are informational summaries only and are not covered under the City's General Appropriations Act or the State's Public Act 621.
6. The City Commission has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended during the fiscal year.
7. The legally adopted budgets and informational budget summaries for the funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to each fund's method of accounting.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The fair value measurements of investments are based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

### Investments

Investments are carried at market value.

### Inventory

Inventory costs are recorded as expenditures when incurred.

### Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

	<u>Depreciation Life – Years</u>
Buildings and improvements	40 – 50
Land improvements	20 – 30
Plants, hydrants and tank	50 – 60
Water, sewer mains and meters	10 – 50
Equipment and Vehicles	5 – 15
Infrastructure	20 – 50

GASB No. 34 requires the City to report and depreciate new infrastructure assets placed in service after July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

The retroactive reporting of infrastructure is optional for the City under GASB No. 34 and the City has elected not to retroactively report infrastructure assets prior to July 1, 2003.

### Interfund Activity

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

Noncurrent portions of long-term interfund loans receivable are equally offset by a fund balance reserve account which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

### Deferred Outflows of Resources

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

The City reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its Pension Plan.

The City's Defined Benefit Pension Plan has a plan year of January 1 to December 31 while the City has a fiscal year of July 1 to June 30. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Deferred amount on bond refunding reported in the Statement of Net Position. A deferred amount on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

### Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

### Employee Benefits

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

### Defined Benefit Pension Plan

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

### Deferred Inflows of Resources

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

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

Deferred amount on bond refunding reported in the Statement of Net Position. A deferred amount on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The government reports deferred inflows of resources for lease transactions in which the City is a lessor for revenues that apply to future periods.

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

### Property Taxes

Property taxes attach as an enforceable lien on property as of July 1<sup>st</sup>. Taxes are levied not later than July 1<sup>st</sup> and are payable by August 20<sup>th</sup> without penalty.

The City bills and collects its own property taxes and also the taxes for the local school district, the intermediate school district, and the county. Collections of local school taxes, intermediate school district taxes, and county taxes and remittance of them are accounted for in the Trust and Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables.

### Encumbrances

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

### Use of Estimates

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

Significant estimates include but are not limited to the accounts receivable allowance for doubtful accounts, the useful lives of depreciable capital assets, the assumptions used to estimate accrued employee compensated absences, the assumptions based on historical trends and industry standards used in the actuarial valuations of the MERS pension plans, and the present value calculations for the leased assets and deferred inflows related to capital leases.

### Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 30, 2025 the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

## **NOTE B – INDIVIDUAL COMPONENT UNIT DISCLOSURES:**

### Discretely Presented Component Units

The component unit column in the Statement of Net Position includes the financial data for the Downtown Development Authority/TIF District, the Landfill Authority, and the Munising Housing Commission. They are reported in a separate column to emphasize that they are legally separate from the City.

The purpose of the Downtown Development Authority/TIF entity is to foster development of the Downtown Business District. The purpose of the Landfill Authority is to control revenues and incur expenditures in connection with the Munising Landfill Closure. The purpose of the Munising Housing Commission is to provide low income housing programs to City residents.

The presentation of the financial statements of the Downtown Development Authority/TIF district and the Landfill Authority are complete, and there is no separately issued report for these entities.

The Munising Housing Commission issues a separate report. A complete financial statement for the Munising Housing Commission can be obtained directly from its Administrative Office at:

Munising Housing Commission  
Administrative Office  
200 City Park Drive OFC  
Munising, Michigan, 49862

In accordance with the provisions of GASB Statement 14, certain other governmental organizations are not considered to be part of the reporting entity for financial reporting purposes. The criteria established for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of Munising Public Schools are not included in the financial statements of the City.

**NOTE C – DEPOSITS AND INVESTMENTS:**

The composition of cash and equivalents reported on the statement of net position are as follows:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and cash equivalents:				
Unrestricted	\$6,618,855	\$1,043,231	\$62,246	\$7,724,332
Restricted	1,581,926	35,256	-	1,617,182
Subtotal	<u>8,200,781</u>	<u>1,078,487</u>	<u>62,246</u>	<u>9,341,514</u>
Investments				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$8,200,781</u>	<u>\$1,078,487</u>	<u>\$62,246</u>	<u>\$9,341,514</u>

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State law does not require, and the City does not have, a deposit policy for custodial credit risk. The carrying amount of the primary government, component units, and fiduciary funds deposits with financial institutions was \$9,341,514 and the bank balance was \$9,524,597. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$1,831,066
Amount uninsured and collateralized with securities held by the pledging financial institutions trust department in the City’s name	-
Amount uninsured and collateralized with securities held by the pledging financial institutions’ trust department not in the City’s name	500,000
Amount uninsured and uncollateralized	<u>7,193,531</u>
Total	<u>\$9,524,597</u>

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2025, the City had the following investments:

	Level	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
<b>Primary Government:</b>						
None	1	\$-	\$-	\$-	\$-	\$-
TOTAL		<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

**NOTE C – DEPOSITS AND INVESTMENTS (Continued):**

	Level	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
<b>Component Unit:</b>						
None	1	\$-	\$-	\$-	\$-	\$-
TOTAL		\$-	\$-	\$-	\$-	\$-

*Interest Rate Risk*

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

*Credit Risk*

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

The City has no investment policy that would further limit its investment choices.

**NOTE D – ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE:**

Receivables as of year-end for the government’s individual major funds and aggregate non-major, internal service, and fiduciary funds, including applicable allowances for uncollectible accounts, are as follows:

Type	Governmental Activities	Business- Type Activities	Total Primary Government
Utilities receivable	\$-	\$329,081	\$329,081
Other receivables	26,461	-	26,461
Due from other government units	606,240	-	606,240
Delinquent property taxes	15,891	-	15,891
State grants receivable	-	-	-
Federal grants receivable	150,000	-	150,000
Total	<u>\$798,592</u>	<u>\$329,081</u>	<u>\$1,127,673</u>

Receivable balances have been disaggregated by type and presented separately on the financial statements. Only receivables with allowances uncollectible accounts as of June 30, 2025, including applicable allowances for uncollectible accounts, are presented as follows:

Gross utilities receivable	\$329,081
Less: allowance for uncollectible accounts	-
Net receivable	<u>\$329,081</u>

**NOTE E – LEASES RECEIVABLE:**

Lease Receivable

The City leases several of the lots in its Industrial Park to various businesses. The assets leased include land and building space. These agreements qualify as long-term agreements as the City will not surrender control of the assets at the end of the term and the noncancelable term of the agreement surpasses one year. Payments are generally fixed annual payments of \$1,200. The present values are discounted using an interest rate of 2.68 percent based on the City's borrowing rate. Below is a summary of these agreements.

<u>Lease</u>	<u>Term</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Industrial Park – Lot #1	56 months	\$-	\$1,094	\$33
Industrial Park – Lot #3	60 months	-	1,184	34
Industrial Park – Lot #4	56 months	2,469	1,191	97
Industrial Park – Lot #7	55 months	1,265	1,167	66
	Totals	<u>\$3,734</u>	<u>\$4,636</u>	<u>\$230</u>

**NOTE F – RESTRICTED ASSETS:**

General Fund

*Restricted Cash* – At the end of the year, the restricted balance for the Playground Project is \$10,291 and the balance for federal grants is \$23,654.

Capital Projects Fund

*Restricted Cash* – At the end of the year, the restricted balance for the USDA Sewer Project and USDA Water Project is \$0, and \$178 , respectively.

Proprietary Funds

Certain resources set aside for the repayment of debt proceeds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Other resources have been internally designated by the City for future capital improvement projects. A summary of restricted balances for the Sewer and Water Funds as of June 30, 2025 are follows:

		Sewer	
		Required Balance	Actual Cash Balance
<u>USDA Bond Reserves</u>			
These accounts are required to be funded in accordance with the USDA bond agreement(s).			
I. Bond Interest and Redemption Accounts:			
(a) 2020 Sewer Bond, ½ of interest due on next payment and not less than ¼ of the principal due the next year.	\$5,119	\$5,200	
II. Bond Reserve Accounts:			
(a) 2020 Sewer Bond, \$2,124 per year up to \$21,240	10,620	10,620	
* III. Repair, Replacement & Improvement Reserve Account:			
(a) 2020 Sewer Bond, \$19,000 annually, beginning with fiscal year 2020/2021; no maximum	95,000	95,000	
USDA Subtotal	110,739	110,820	
<u>Other Restrictions</u>			
These accounts are related to other internal restrictions.			
IV. Capital Improvement – internal restriction for future capital project costs.	800,444	800,444	
V. Advance to Other Funds – the funds advance to the Marina Fund are not available for other purposes, therefore, these amounts are presented as “restricted”.	259,930	-	
Total	\$1,171,113	\$911,264	

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

	Water	
	Required Balance	Actual Balance
<u>USDA Bond Reserves</u>		
These accounts are required to be funded in accordance with the USDA bond agreement(s).		
I. Bond Interest and Redemption Accounts:		
(a) 2014 Water Bond, ½ of interest due on next payment and not less than ¼ of the principal due the next year.	\$7,496	\$15,000
(b) 2020 Water Bond, ½ of interest due on next payment and not less than ¼ of the principal due the next year.	31,751	31,751
II. Bond Reserve Accounts:		
(a) 2014 Water Bond, \$3,000 per year <u>up to</u> \$30,000	30,000	30,000
(b) 2020 Water Bond, \$18,180 per year <u>up to</u> \$181,800	90,900	90,900
* III. Repair, Replacement and Improvement Reserve Account:		
(a) 2014 Water Bond, \$15,333 annually, less principal and interest annual contribution, beginning with fiscal year 2014/2015; <u>no maximum</u>	138,663	138,663
(b) 2020 Water Bond, \$2,667 annually, beginning with fiscal year 2020/2021; <u>no maximum</u>	13,335	13,335
USDA Subtotal	<u>312,145</u>	<u>319,649</u>
<u>Other Restrictions</u>		
These accounts are related to other internal restrictions.		
VI. Capital Improvement – internal restriction for future capital project costs.	316,890	316,890
Total	<u>\$629,035</u>	<u>\$636,539</u>

\* Funds held within these accounts may be used for repairs, replacement, or improvements to the sewer or water system as applicable (i.e. “allowable expenditures”). Below is a reconciliation of the required balances:

	2020 Sewer Bond	2014 Water Bond	2020 Water Bond
Required balance at 6/30/2024	\$76,000	\$123,330	\$10,668
Plus: Current year contribution	19,000	15,333	2,667
Less: Allowable expenditures	-	-	-
Required Balance	<u>\$95,000</u>	<u>\$138,663</u>	<u>\$13,335</u>

**NOTE G – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS IN/OUT:**

The City reports interfund balances between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Fund</u>	<u>Due To Other Funds</u>
Motor Pool Fund	\$161,440	General Fund	\$13,987
		Sewer Fund	147,453
Total Primary Government	<u>\$161,440</u>	Total Primary Government	<u>\$161,400</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The interfund transfers for the year are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General Fund	\$30,000	Sewer Fund	\$15,000
		Water Fund	15,000
Subtotal	<u>30,000</u>	Subtotal	<u>30,000</u>
Capital Projects Fund	876,040	General Fund	317,700
		Major Street Fund	108,787
		Sewer Fund	36,467
		Water Fund	313,086
		Marina Fund	100,000
Subtotal	<u>876,040</u>	Subtotal	<u>876,040</u>
Non-major governmental	249,996	General Fund	118,550
		Municipal Building Fund	131,446
Subtotal	<u>249,996</u>	Subtotal	<u>249,996</u>
Internal Service Funds	356,366	General Fund	168,165
		Sewer Fund	147,453
		Motor Pool Fund	40,748
Subtotal	<u>356,366</u>	Subtotal	<u>356,366</u>
Total Primary Government	<u>\$1,512,402</u>	Total Primary Government	<u>\$1,512,402</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**NOTE H – LONG-TERM ADVANCES TO/FROM OTHER FUNDS:**

Advances within Primary Government

During fiscal year 2023, the City was awarded a Michigan Department of Natural Resources Waterways grant for reconstruction of the Munising Bay Boater Access Site (i.e. Brown’s Addition Boat Launch). The grant requires the City to appropriate 50% of the overall project costs (estimated at \$800,000). To meet the local funding requirements, the Marina Fund borrowed \$300,000 from the Sewer Fund Leachate account at an interest rate of 2.68% per annum. The Marina Fund is scheduled to start making semi-annual payments of \$17,199, including interest, beginning in June 2024 and continuing through September 2033. The outstanding balance as of June 30, 2025, is \$259,930.

Advances from DDA to Primary Government

During fiscal year 2014, the DDA secured a bond in the amount of \$315,000 to be used to finance a portion of the City’s Energy Project that is within the DDA’s development area. The City’s Capital Project’s fund recorded \$315,000 in funds from the DDA. Upon completion of the project in fiscal year 2017 the amount owed to the DDA was split among the applicable funds affected by the Energy Improvement Project. As appropriate, an advance from the DDA is shown as a liability in the applicable funds. The amounts outstanding as of June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
General Fund	\$34,800	\$-	(\$4,800)	\$30,000	\$6,000
Municipal Building	2,900	-	(400)	2,500	500
Motor Pool	7,250	-	(1,000)	6,250	1,250
Subtotal	<u>44,950</u>	<u>-</u>	<u>(6,200)</u>	<u>38,750</u>	<u>7,750</u>
Business-type Activities:					
Sewer Fund	59,450	-	(8,200)	51,250	10,250
Water Fund	40,600	-	(5,600)	35,000	7,000
Subtotal	<u>100,050</u>	<u>-</u>	<u>(13,800)</u>	<u>86,250</u>	<u>17,250</u>
Total	<u>\$145,000</u>	<u>\$-</u>	<u>(\$20,000)</u>	<u>\$125,000</u>	<u>\$25,000</u>

The advance to/from other funds will be reduced in conjunction with the DDA’s principal payments on the debt.

**NOTE I – CAPITAL ASSETS:**

A summary of changes in governmental activities capital assets including internal service funds capital assets is as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets not being depreciated:				
Land	\$20,000	\$-	\$-	\$20,000
Construction in progress	70,952	162,827	(13,250)	220,529
Subtotal	<u>90,952</u>	<u>162,827</u>	<u>(13,250)</u>	<u>240,529</u>
Capital assets being depreciated/amortized:				
Land improvements	1,161,207	167,907	-	1,329,114
Buildings and improvements	4,825,907	158,857	-	4,984,764
Infrastructure	4,919,811	192,467	-	5,112,278
Equipment and vehicles	3,302,702	187,677	(57,772)	3,432,607
Leased equipment	6,637	-	-	6,637
Subtotal	<u>14,216,264</u>	<u>706,908</u>	<u>(57,772)</u>	<u>14,865,400</u>
Total Capital Assets	<u>14,307,216</u>	<u>869,735</u>	<u>(71,022)</u>	<u>15,105,929</u>
Less accumulated depreciation/amortization:				
Land improvements	(381,814)	(61,899)	-	(443,713)
Buildings and improvements	(2,016,498)	(118,143)	-	(2,134,641)
Infrastructure	(1,723,795)	(215,937)	-	(1,939,732)
Equipment and vehicles	(2,815,104)	(98,253)	56,928	(2,856,429)
Leased equipment	(5,641)	(996)	-	(6,637)
Total Accumulated Depreciation	<u>(6,942,852)</u>	<u>(495,228)</u>	<u>56,928</u>	<u>(7,381,152)</u>
Capital Assets, net	<u>\$7,364,364</u>	<u>\$374,507</u>	<u>(\$14,094)</u>	<u>\$7,724,777</u>

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

General governmental	\$177,169
Public safety	48,304
Public works	73,445
Recreation and culture	72,772
Internal service funds charged to above activities	123,538
Total Depreciation Expense	<u>\$495,228</u>

Construction in Progress

Cemetery Fencing

As part of the City's Capital Improvement Plan the fencing at Maple Grove Cemetery was identified as needing replacement; the proposed budget for the project was \$50,000. In the spring of 2024, the City began the fencing replacement project, which was completed later in the fall. Actual project costs totaled \$53,000.

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

Motor Pool Truck

During the current year, the City purchased a 2026 International HX620 Truck in the Motor Pool Fund at a cost of \$147,453. As of June 30, 2025, the truck had not been placed in service and is presented as construction in progress.

Washington Street Project

In 2024, the City began preliminary planning and engineering work on the Washington Street project. This project includes utility replacements for water and sewer along with street resurfacing. This project will be funded partially through Congressionally Direct Spending (CDS) funds and USDA Rural Development grants and loans. The City must front the costs associated with the preliminary engineering and application functions prior to the final approval and closing on any grant or loan dollars. The total governmental activities portion of the project is approximated to be \$1,898,566. As of June 30, 2025, the City had incurred costs of \$73,076 related to this project.

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

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital assets not being depreciated:				
Land	\$12,275	\$-	\$-	\$12,275
Construction in progress	420,534	1,815,640	(88,396)	2,147,778
Subtotal	<u>432,809</u>	<u>1,815,640</u>	<u>(88,396)</u>	<u>2,160,053</u>
Capital assets being depreciated:				
Sewer plant and equipment	23,122,191	260,599	-	23,382,790
Water plant and equipment	14,345,875	311,744	-	14,657,619
Marina / Harbor Master building	4,545,068	-	-	4,545,068
Subtotal	<u>42,013,134</u>	<u>572,343</u>	<u>-</u>	<u>42,585,477</u>
Total Capital Assets	<u>42,445,943</u>	<u>2,387,983</u>	<u>(88,396)</u>	<u>44,745,530</u>
Less accumulated depreciation:				
Sewer plant and equipment	(9,687,591)	(560,598)	-	(10,248,189)
Water plant and equipment	(5,539,909)	(370,077)	-	(5,909,986)
Marina / Harbor Master building	(1,419,986)	(106,828)	-	(1,526,814)
Total Accumulated Depreciation	<u>(16,647,486)</u>	<u>(1,037,503)</u>	<u>-</u>	<u>(17,684,989)</u>
Capital Assets, net	<u>\$25,798,457</u>	<u>\$1,350,480</u>	<u>(\$88,396)</u>	<u>\$27,060,541</u>

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

Sewer system	\$560,598
Water system	370,077
Marina	106,828
Total Depreciation Expense	<u>\$1,037,503</u>

## **NOTE I – CAPITAL ASSETS (Continued):**

### Construction in Progress

#### *Varnum Street – Water Main Replacement*

In the spring the City began a project to replace the water main along Varnum Street. This project consists of the installation of roughly two blocks of 12-inch watermain. Once completed, the 12-inch main will run for the central water tank all the way to Browns Addition to provide sufficient flow and velocity for the west end of the City. Additional work was required at the Lynn/Varnum intersection due to the lack of a 12-inch connection not being installed as part of the original 2008 project. This project was originally budgeted at \$397,650 and will be covered by the remaining USDA Rural Development Water Loan. The project started in the spring and was completed in the fall. As of June 30, 2025, the City had incurred costs of \$726,585 related to this project.

#### *Brown's Addition Boater Access Site*

In 2023, the City began conceptual design work for the Munising Boating Access Site (Brown's Addition Boat Launch). The estimated costs of the project is \$800,000 with \$400,000 being funded through a Michigan Department of Natural Resources Waterways Planning and Design grant and the remainder being funded through the Marina Fund. The project includes expansion of vehicle with trailer parking, pedestrian car parking, a launch apron, replacement of the docks with longer docks, and a potential fish cleaning station. As of June 30, 2025, the City reported project costs totaling \$1,043,824 as construction in progress.

#### *Washington Street Project*

During the fiscal year, the City began preliminary planning and engineering work on the Washington Street project. This project includes utility replacements for water and sewer along with street resurfacing. This project will partially be funded through Congressionally Direct Spending (CDS) funds and USDA Rural Development grants and loans. The City must front the costs associated with the preliminary engineering and application functions prior to the final approval and closing on any grant or loan dollars. The Sewer Fund and Water Fund's portions of these preliminary costs are \$143,550 and \$94,350, respectively, which was transferred to the Capital Projects Fund. The total business-type activities portion of the project is approximately \$2,18,132. Once USDA funds are secured the City can utilize those funds to reimburse the appropriate funding sources. As of June 30, 2025, the Sewer Fund and Water Fund reported construction in progress of \$55,100 and \$46,861, respectively.

#### *Technology Modernization Fund (TMF) Project*

As part of the City's Capital Improvement Plan the roofing membranes of the three in-ground water storage tanks were identified as needing replacement. The existing membranes are thought to be original dating back 30 to 50 years. All three tanks are slated to be replaced concurrently to save on travel and material price. The proposed budget for the project was \$320,000. This project will be covered by grant funding. The project started in the spring and was completed in the fall. As of June 30, 2025, the City had incurred costs of \$275,408 related to this project.

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

A summary of Component Unit's capital assets is as follows:

	Downtown Development Authority	Landfill Authority	Housing Commission	Total
<b>COMPONENT UNITS:</b>				
Capital assets not being depreciated:				
Land	\$81,050	\$-	\$58,572	\$139,622
Construction in progress	-	-	-	-
Subtotal	<u>81,050</u>	<u>-</u>	<u>58,572</u>	<u>139,622</u>
Capital assets being depreciated:				
Land improvements	210,492	-	-	210,492
Buildings and improvements	-	-	5,079,840	5,079,840
Infrastructure	1,064,551	-	-	1,064,551
Equipment and vehicles	28,933	-	288,328	317,261
Subtotal	<u>1,303,976</u>	<u>-</u>	<u>5,368,168</u>	<u>6,672,144</u>
Total Capital Assets	<u>1,385,026</u>	<u>-</u>	<u>5,426,740</u>	<u>6,811,766</u>
Total Accumulated Depreciation	<u>(410,031)</u>	<u>-</u>	<u>(4,447,748)</u>	<u>(4,857,779)</u>
Capital Assets, net	<u>\$974,995</u>	<u>\$-</u>	<u>\$978,992</u>	<u>\$1,953,987</u>

Depreciation expense for the component units was charged to the following functions:

Component Units:	
Downtown Development Authority	\$64,310
Landfill Authority	-
Housing Commission	79,061
Total Depreciation Expense	<u>\$143,371</u>

**NOTE J – LONG-TERM DEBT:**

The following is a summary of long-term debt transactions of the government activities:

Description	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>PRIMARY GOVERNMENT:</b>					
<i>GOVERNMENTAL ACTIVITIES:</i>					
Bonds:					
2020 Capital Improvement Refunding Bonds maturing semi-annually to September 2035 in annual amounts bearing interest of 1.88%	\$1,377,000	\$-	(\$106,000)	\$1,271,000	\$112,000
2021 GOLT Refunding Bonds maturing serially to October 2029 and bearing interest from 0.400% to 1.550%	250,480	-	(40,920)	209,560	40,920
Bonds Subtotal	<u>1,627,480</u>	<u>-</u>	<u>(146,920)</u>	<u>1,480,560</u>	<u>152,920</u>
<b>Direct Borrowings:</b>					
Notes:					
2013 Energy Installment loan maturing serially to October 2028 in annual variable amounts and bearing interest of 4.40%	37,200	-	(6,200)	31,000	7,750
Street Sweeper loan maturing serially to October 2024 in annual variable amounts and bearing interest of 4.37%	11,000	-	(11,000)	-	-
Snowplow loan maturing serially to September 2024 and bearing interest of 4.375%	17,500	-	(17,500)	-	-
Grader loan maturing serially to April 2035 and bearing interest of 2.375%	132,000	-	(10,000)	122,000	11,000
Direct Borrowings Subtotal	<u>197,700</u>	<u>-</u>	<u>(44,700)</u>	<u>153,000</u>	<u>18,750</u>
Leases:					
Copier lease	1,260	-	(1,260)	-	-
Leases Subtotal	<u>1,260</u>	<u>-</u>	<u>(1,260)</u>	<u>-</u>	<u>-</u>
Employee Benefits:					
Accrued vacation	49,798	50,064	-	99,862	82,889
Accrued sick leave	72,738	45,046	-	117,784	59,284
Other accrued benefits	59,500	26,250	(19,250)	66,500	15,750
Employee Benefits Subtotal	<u>182,036</u>	<u>121,360</u>	<u>(19,250)</u>	<u>284,146</u>	<u>157,923</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><b>\$2,008,476</b></u>	<u><b>\$121,360</b></u>	<u><b>(\$212,130)</b></u>	<u><b>\$1,917,706</b></u>	<u><b>\$329,593</b></u>

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

### 2020 Capital Improvement Refunding Bonds

On October 15, 2020, the City issued \$1,742,000 in Capital Improvement Refunding Bonds, Series 2020 with an interest rate of 1.88% for the purpose of refunding the 2005 General Obligation Limited Tax Bonds and the 2010 General Obligation Limited Tax Bonds.

The refunding portion of the 2005 General Obligation Limited Tax Bonds net proceeds of \$551,906, were paid to the refund bond escrow agent. As a result, the 2005 issue bonds maturing 2023 through 2035 are considered defeased and the liability for those bonds has been removed from the Governmental Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$399,350 of the bonds outstanding are considered defeased.

The refunding portion of the 2010 General Obligation Limited Tax Bonds net proceeds of \$1,154,575, were paid to the refund bond escrow agent. As a result, the 2010 issue bonds maturing 2023 through 2040 are considered defeased and the liability for those bonds has been removed from the Governmental Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$1,020,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$498,540. This difference has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$289,545.

### 2021 General Obligation Limited Tax Refunding Bonds

On July 8, 2021, the City issued \$1,067,000 in General Obligation Limited Tax Refunding Bonds, Series 2022 with an interest rate ranging from 0.400% to 1.550% for the purpose of refunding the 2013 General Obligation Limited Tax Bonds.

The refunding portion of the 2013 General Obligation Limited Tax Bonds net proceeds of \$1,057,131, were paid to the refund bond escrow agent. As a result, the 2013 issue bonds maturing 2023 through 2029 are considered defeased and the liability for those bonds has been removed from the Governmental Activities and Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$740,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$30,869. This difference is considered immaterial to the financial statements as a whole and has been recognized in the year of refunding rather than deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$96,194.

**NOTE J – LONG-TERM DEBT (Continued):**

Lease Payable

In March 2020, the City leased a photocopier for a term of 60 months with monthly payments of \$169.99. There was no stated interest rate in the lease agreement. For purposes of GASB 87 the City imputed the interest rate based on a net present value of the photo copier at the beginning of the lease term. This lease is not renewable, and the City does not intend to acquire the equipment at the end of the five years. The lease does not cover maintenance and supply, which is a separate contract and billed quarterly.

Governmental Activities - Debt Service Requirements

The annual requirements to pay principal and interest (exclusive of employee benefits) are as follows:

Fiscal Year	Bonds		Direct Borrowings		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$152,920	\$25,827	\$18,750	\$4,091	\$-	\$-
2027	158,230	23,332	18,750	3,488	-	-
2028	157,850	20,654	18,750	2,886	-	-
2029	159,470	17,896	19,750	2,285	-	-
2030	164,090	15,065	12,000	1,828	-	-
2031-2035	631,000	38,860	65,000	4,726	-	-
2036-2040	57,000	536	-	-	-	-
Totals	<u>\$1,480,560</u>	<u>\$142,170</u>	<u>\$153,000</u>	<u>\$19,304</u>	<u>\$-</u>	<u>\$-</u>

The following is a summary of long-term debt transactions of the business-type activities:

Description	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>PRIMARY GOVERNMENT:</b>					
<i>BUSINESS-TYPE ACTIVITIES:</i>					
Bonds:					
2020A Sewage Disposal System Revenue Refunding Bonds maturing serially to March 2048 in variable amounts bearing interest from 2.00% to 4.00%	\$7,650,000	\$-	(\$225,000)	\$7,425,000	\$235,000
Premium on 2020A Sewer Bonds	170,388	-	(7,100)	163,288	-
2020A Water Supply System Revenue Refunding Bonds maturing serially to March 2048 in variable amounts bearing interest from 2.00% to 4.00%	2,860,000	-	(85,000)	2,775,000	90,000
Premium on 2020A Water Bonds	64,406	-	(2,684)	61,722	-
2021 GOLT Refunding Bonds maturing serially to October 2029 and bearing interest from 0.400% to 1.550%	557,520	-	(91,080)	466,440	91,080
Bonds Subtotal	<u>11,302,314</u>	<u>-</u>	<u>(410,864)</u>	<u>10,891,450</u>	<u>416,080</u>

**NOTE J – LONG-TERM DEBT (Continued):**

Description	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>PRIMARY GOVERNMENT:</b>					
<i>BUSINESS-TYPE ACTIVITIES:</i>					
<b>Direct Borrowings:</b>					
Bonds:					
2014 Water Supply System Junior Lien Revenue Bond, maturing serially to September 2055 in annual variable amounts and bearing interest of 2.125%	\$674,000	\$-	(\$16,000)	\$658,000	\$16,000
2020 Sewage Disposal System Junior Lien Revenue Bond, maturing serially to February 2061 in annual variable amounts and bearing interest of 1.25%	611,000	-	(13,000)	598,000	13,000
2020 Water Supply System Junior Lien Revenue Bond, maturing serially to September 2060 in annual variable amounts and bearing interest of 1.125%	<u>3,454,000</u>	<u>551,965</u>	<u>(76,000)</u>	<u>3,929,965</u>	<u>78,000</u>
Bonds Subtotal	<u>4,739,000</u>	<u>551,965</u>	<u>(105,000)</u>	<u>5,185,965</u>	<u>107,000</u>
Contracts and Notes:					
2013 Energy Installment loan maturing serially to October 2028 in annual variable amounts and bearing interest of 4.40%	<u>82,800</u>	<u>-</u>	<u>(13,800)</u>	<u>69,000</u>	<u>17,250</u>
Notes Subtotal	<u>82,800</u>	<u>-</u>	<u>(13,800)</u>	<u>69,000</u>	<u>17,250</u>
Direct Borrowings Subtotal	<u>4,821,800</u>	<u>551,965</u>	<u>(118,800)</u>	<u>5,254,965</u>	<u>124,250</u>
Employee Benefits:					
Accrued vacation	40,378	18,593	-	58,971	45,194
Accrued sick leave	<u>45,057</u>	<u>29,525</u>	<u>(15,396)</u>	<u>59,186</u>	<u>19,559</u>
Employee Benefits Subtotal	<u>85,435</u>	<u>48,118</u>	<u>(15,396)</u>	<u>118,157</u>	<u>64,753</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u><u>\$16,209,549</u></u>	<u><u>\$600,083</u></u>	<u><u>(\$545,060)</u></u>	<u><u>\$16,264,572</u></u>	<u><u>\$605,083</u></u>

**2020A Sewage Disposal System Revenue Refunding Bonds**

On December 22, 2020, the City issued \$8,505,000 in Sewage Disposal System Revenue Refunding Bonds, Series 2020A with an interest rate of ranging from 2.00% to 4.00% for the purpose of refunding the 2008 Sewage Disposal System Junior Lien Revenue Bonds, 2009 Sewage Disposal System Junior Lien Revenue Bonds, and the 2014 Sewage Disposal System Junior Lien Revenue Bonds.

The refunding portion of the 2008 Sewage Disposal System Junior Lien Revenue Bonds net proceeds of \$7,228,552, were paid to the refund bond escrow agent. As a result, the 2008 issue bonds maturing 2022 through 2048 are considered defeased and the liability for those bonds has

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

been removed from the Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$6,421,000 of the bonds outstanding are considered defeased.

The refunding portion of the 2009 Sewage Disposal System Junior Lien Revenue Bonds net proceeds of \$247,000, were paid to the refund bond escrow agent. As a result, the 2009 issue bonds maturing 2022 through 2049 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$215,000 of the bonds outstanding are considered defeased.

The refunding portion of the 2014 Sewage Disposal System Junior Lien Revenue Bonds net proceeds of \$1,468,414, were paid to the refund bond escrow agent. As a result, the 2014 issue bonds maturing 2022 through 2055 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$1,346,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of (\$55,966). This difference has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$1,877,555.

### 2020A Water Supply System Revenue Refunding Bonds

On December 22, 2020, the City issued \$3,190,000 in Water Supply System Revenue Refunding Bonds, Series 2020A with an interest rate of ranging from 2.00% to 4.00% for the purpose of refunding the 2008 Water Supply System Junior Lien Revenue Bonds and the 2009 Water Supply System Junior Lien Revenue Bonds.

The refunding portion of the 2008 Water Supply System Junior Lien Revenue Bonds net proceeds of \$3,106,085, were paid to the refund bond escrow agent. As a result, the 2008 issue bonds maturing 2022 through 2048 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$2,740,000 of the bonds outstanding are considered defeased.

The refunding portion of the 2009 Water Supply System Junior Lien Revenue Bonds net proceeds of \$267,148, were paid to the refund bond escrow agent. As a result, the 2009 issue bonds maturing 2022 through 2049 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long term debt balances.

**NOTE J – LONG-TERM DEBT (Continued):**

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2025, \$233,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of (\$41,233). This difference has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$758,375.

**Business-Type Activities – Debt Service Requirements**

The annual requirements to pay principal and interest (exclusive of employee benefits) are as follows:

Fiscal Year	Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$416,080	\$248,374	\$124,250	\$72,510
2027	426,770	234,505	126,250	70,360
2028	443,150	220,039	129,250	68,176
2029	459,530	204,796	131,250	65,961
2030	475,910	188,794	117,000	64,101
2031-2035	2,050,000	783,950	623,000	297,022
2036-2040	2,265,000	570,352	695,000	254,706
2041-2045	2,500,000	332,864	777,000	207,560
2046-2050	1,630,000	69,911	869,000	154,795
2051-2055	-	-	969,000	96,004
2056-2060	-	-	926,000	38,469
2061-2065	-	-	194,000	2,470
Totals	\$10,666,440	\$2,853,585	\$5,681,000	\$1,392,134
	225,010 #		(426,035) *	
	<u>\$10,891,450</u>		<u>\$5,254,965</u>	

#Premiums on bonds

\*Amount to be drawn on USDA Water Loan

The following is a summary of long-term debt transactions all component units:

Description	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>COMPONENT UNITS:</b>					
<i>DOWNTOWN DEVELOPMENT AUTHORITY:</i>					
<b>Direct Borrowings:</b>					
2013 Downtown Development Bonds maturing serially to October 2029 in annual variable amounts and bearing interest 3.70%	\$145,000	\$-	(\$20,000)	\$125,000	\$25,000

**NOTE J – LONG-TERM DEBT (Continued):**

Description	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>COMPONENT UNITS:</b>					
<i>DOWNTOWN DEVELOPMENT AUTHORITY:</i>					
<b>Direct Borrowings:</b>					
2022 Downtown Development Bonds maturing serially to October 2029 in annual variable amounts and bearing interest 2.68%	\$210,000	\$-	(\$35,000)	\$175,000	\$35,000
Subtotal	355,000	-	(55,000)	300,000	60,000
<i>LANDFILL AUTHORITY:</i>					
None	-	-	-	-	-
<i>MUNISING HOUSING COMMISSION:</i>					
Employee Benefits	26,750	10,217	(6,178)	30,789	19,076
<b>TOTAL COMPONENT UNITS</b>	<b>\$381,750</b>	<b>\$10,217</b>	<b>(\$61,178)</b>	<b>\$330,789</b>	<b>\$79,076</b>

Component Units – Debt Service Requirements

The annual requirements to pay principal and interest based on debt outstanding at June 30, 2025 (exclusive of employee benefits) are as follows:

Fiscal Year	Direct Borrowings	
	Principal	Interest
2026	\$60,000	\$8,383
2027	60,000	6,521
2028	55,000	4,750
2029	60,000	2,979
2030	65,000	1,024
Totals	\$300,000	\$23,657

Employee Benefits

The City's employment policies provide for vacation and sick leave benefits to be earned in varying amounts depending on the employee's years of service.

The following is a summary of employee benefits:

	Governmental Activities	Business-type Activities	Component Unit
Employee Benefits:			
Current portion	\$157,923	\$64,753	\$19,076
Long-term portion	126,223	53,404	11,713
Total employee benefits	\$284,146	\$118,157	\$30,789

**NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:**

Fund balances of the governmental funds are classified as follows:

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

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

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

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

*Unassigned* — all other spendable amounts.

As of June 30, 2025, fund balances are composed of the following:

	Governmental Funds				Total
	General Fund	Major Special Revenue Funds	Major Capital Projects Fund	Non-major Funds	
Non-spendable:					
Prepays	\$35,974	\$-	\$-	\$-	\$35,974
Restricted:					
Playground Project	10,291	-	-	-	10,291
Federal Grants	23,654	-	-	-	23,654
Capital Projects	-	-	-	-	-
Sewer Project	-	-	-	-	-
Water Project	-	-	178	-	178
Transportation Funds	-	445,830	-	-	445,830
Police Training	-	-	-	8,529	8,529
Brownfield	-	-	-	44,742	44,742
Cemetery Trust	-	-	-	36,691	36,691
Subtotal	33,945	445,830	178	89,962	569,915
Committed:					
Brown’s Addition	-	-	556,673	-	556,673
Subtotal	-	-	556,673	-	556,673

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

	Governmental Funds				Total
	General Fund	Major Special Revenue Funds	Major Capital Projects Fund	Non-major Funds	
Assigned:					
Major Street	\$-	\$90,801	\$-	\$-	\$90,801
Local Street	-	29,587	-	-	29,587
Capital Projects	-	-	-	-	-
Subtotal	<u>-</u>	<u>120,388</u>	<u>-</u>	<u>-</u>	<u>120,388</u>
Unassigned	<u>2,154,238</u>	<u>-</u>	<u>(388,739)</u>	<u>-</u>	<u>1,765,499</u>
Total fund balances	<u>\$2,224,157</u>	<u>\$566,218</u>	<u>\$168,112</u>	<u>\$89,962</u>	<u>\$3,048,449</u>

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

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

## **NOTE L – CONTINGENT LIABILITIES:**

### Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently participates with other municipalities in the Michigan Municipal Liability and Property Pool, a public entity risk pool operating as a common risk management and insurance program. The City pays an annual premium for its general liability and real and personal property protection. The Pool will be self-sustaining through member premiums and will pay for losses sustained in excess of specified deductible amounts.

The City continues to carry 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 fiscal years.

### Landfill Closure

Through 1991, the City, area municipalities and other entities operated a local landfill. The landfill is closed, and now it is undergoing the post closure process. Necessary costs are being paid by the users in proportion to the amount of tonnage disposed at the landfill. The City's portion was estimated at 26.25% of the total.

The costs of closure are approximated at \$2,423,994. Based on the distribution of 26.25%, the City would be responsible for \$631,140 of this amount. This amount includes engineering and design of the cap, construction of the cap and hydro geological study. The City issued \$650,000 in bonds during fiscal year 1996-1997 to finance its share of the costs. No further costs associated with the closure process are expected.

The post closure costs associated with contingency reserves and 30 years of monitoring and maintenance are estimated at \$836,000 with the City's portion being \$220,000. These costs are to be paid as incurred as part of the City's general operating budget. During the fiscal year ending June 30, 2025, the City paid \$5,783 for these post closure costs.

**NOTE M – DEFINED BENEFIT PENSION PLAN:**

**General Information about the Pension Plan**

Plan Description

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

Benefits Provided

	<b>2024 Valuation</b>		
	<b>Gnrl Other: Closed Division</b>	<b>Police: Closed Division</b>	<b>Supervisors: Closed Division</b>
Benefit Multiplier:	2.50% (80% max)	2.50% (80% max)	2.25% (80% max)
Normal Retirement Age:	60	60	60
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25	50/25
Early Retirement (Reduced):	55/15	55/15	55/15
Final Average Compensation:	5 years	5 years	5 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
COLA for Current Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	0%	0%	0%
DC Plan for New Hires:	7/1/2019	7/1/2019	7/1/2019
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	4
Active employees	12
<b>Total</b>	<b>46</b>

Contributions

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

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

<u>Division:</u>	<u>Employer</u>	<u>Employee</u>
01-Gnrl Other	\$24,799	0.00%
02-Police	8,140	0.00%
10-Supervisor	9,803	0.00%

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

### Net Pension Liability

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

### Actuarial assumptions

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

Inflation: 2.5%

Salary Increases: 3.00% plus merit and longevity; in the long-term

Investment Rate of Return: 6.93%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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>Target Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.66%	0.93%	2.50%	0.43%
Private Investments	20.0%	9.00%	1.80%	2.50%	1.30%
	<u>100.0%</u>		<u>6.93%</u>		<u>4.43%</u>

### Discount rate

The discount rate used to measure the total pension liability is 7.18%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the

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

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Calculating the Net Pension Liability		
		Increase (Decrease)	
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balances as of 12/31/2023	\$11,997,943	\$6,871,141	\$5,126,802
Changes for the Year:			
Service Costs	102,361	-	102,361
Interest on Total Pension Liability	841,306	-	841,306
Changes in benefits	-	-	-
Difference between expected and actual experience	(201,487)	-	(201,487)
Changes in assumption	(23,993)	-	(23,993)
Employer Contributions	-	514,890	(514,890)
Employee Contributions	-	-	-
Net investment Income	-	511,100	(511,100)
Benefit payments, including employee refunds	(663,551)	(663,551)	-
Administrative expense	-	(15,195)	15,195
Other changes	1	1	-
Net Changes	54,637	347,245	(292,608)
Balances as of 12/31/2024	\$12,052,580	\$7,218,386	\$4,834,194

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18) or 1% higher (8.18%) than the current rate.

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net Pension Liability at 12/31/2024	\$4,834,194	\$4,834,194	\$4,834,194
Change in Net Pension Liability (NPL)	1,398,323	-	(1,176,115)
Calculated Net Pension Liability	\$6,232,517	\$4,834,194	\$3,658,079

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

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

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

For the year ended June 30, 2025, the employer recognized pension expense of (\$241,210). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$-	(\$100,743)
Differences in assumptions	29,049	(41,045)
(Excess) Deficit Investment Returns	255,141	-
Subtotal	<u>284,190</u>	<u>(\$141,788)</u>
Contributions subsequent to the measurement date*	<u>277,476</u>	
Total	<u>\$561,666</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.*

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

<b>Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)</b>	
Plan Year Ended December 31,	Amount
2025	\$2,366
2026	199,570
2027	(54,808)
2028	(4,726)
2029	-
Thereafter	-
Total	<u>\$142,402</u>

Payable to Pension Plan

At June 30, 2025, the City reported a payable of \$46,246 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

## **NOTE N – DEFINED CONTRIBUTION PENSION PLAN:**

Employees hired on or after 7/1/2019 are eligible to participated in the City's Defined Contribution Pension Plan. In a defined contribution pension plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. The City established the MERS Defined Contribution Plan in accordance with Plan Section 4 for its eligible employees as defined in the MERS Defined Contribution Adoption Agreement, but subject to the Municipal Employees' Retirement System of Michigan Plan Document and authorized by 1996 PA 220.

At June 30, 2025, there were 6 plan members. The City is required to contribute 8% of covered employees' gross earnings into the MERS Defined Contribution Plan. In accordance with these requirements, the City contributed \$54,387 during the current year. Plan members have the option to match up to 2% of covered earnings in a MERS pre-tax 457 plan. Employee contributions to the MERS pre-tax 457 plan were \$30,833 during the current year. The employees immediately vest in the MERS pre-tax 457 portion of the plan; however, for the defined contribution portion of the plan, employees fully vest after 5 years.

## **NOTE O – DEFERRED COMPENSATION PLAN:**

The City of Munising offers its employees deferred compensation plans created in accordance with the Internal Revenue Code, Section 457. The plans are available to all City employees and permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the City's general creditors. Therefore, in accordance with the provisions of GASB Statement No. 32, Plan balances and activities are not reflected in these financial statements.

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

The City's plans are administered by the International City Manager's Association (ICMA), and the Variable Annuity Life Insurance Company (VALIC). ICMA, as Plan administrator, agrees to hold harmless and indemnify the City, its appointed and elected officers and participating employees from any loss resulting from ICMA or their respective agents' failure to perform their duties and services pursuant to the ICMA program.

The total amount contributed to the Plan for the year ended June 30, 2025 was \$19,173 which consisted of \$10,291 from the City and \$8,882, from employees.

**NOTE P – SINGLE AUDIT:**

During the fiscal year, the City expended less than \$750,000 in federal awards during the fiscal year; therefore, the City is not required to have an audit in accordance with the Uniform Guidance.

**NOTE Q – TAX ABATEMENTS:**

For financial reporting purposes, GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues.

For the fiscal year ended June 30, 2025, there were no significant tax abatements made by the City; additionally, no significant tax abatements were disclosed to the City by other governmental units.

## NOTE R – NEW GASB STANDARDS:

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

### Recently Issued and Adopted Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB 101 is built on the unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. This statement is effective for periods beginning after December 15, 2023. The City does have activities that meet the criteria for GASB 101; therefore, GASB 101 is applicable to the City. The change in accounting principle did not result in a material adjustment; therefore, a restatement of net position was not necessary.

### Other Recently Issued Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. This statement is effective for periods beginning after June 15, 2024. The City does not have activities that meet the criteria for GASB 102; therefore, GASB 102 is not applicable to the City.

## NOTE S – UNRESTRICTED NET POSITION DEFICIT:

In accordance with Public Act 140 of 1970, the City is required to file a deficit elimination plan for all funds that have a deficit at the end of the fiscal year. For purposes of determining if a fund is in a deficit position, the Michigan Department of Treasury's Local Audit and Finance Division issued Numbered Letter 2016-1.

For governmental funds, "unrestricted fund balance" is the sum of the Committed, Assigned, and Unassigned balances.

As of June 30, 2025, the City had an unassigned fund balance deficit of \$388,739 in the Capital Projects Fund. However, the "unrestricted fund balance" is positive balance of \$167,934 (the sum of Committed, Assigned, and Unassigned balances); therefore, a deficit elimination plan is not required for the Capital Projects Fund in the current year.

For proprietary funds, fiduciary funds, and discretely presented component units the Department of Treasury created a deficit test for determining if a fund is in a deficit position and the deficit amount for which a deficit elimination plan must be submitted. The test is summarized as below:

Step 1: Does the "unrestricted net position" or "total net position" have a deficit? If both are "no", no plan is necessary. If one is "yes", is the "deferred inflows of resources minus taxes and special assessments receivable" greater than either deficit? If "yes", no plan is necessary. If "no", proceed to Step 2.

Step 2: Calculated current assets minus current liabilities. For this calculation, current liabilities should not include the current portion of long-term obligations. If the answer is positive, no plan is necessary. If the answer is negative, proceed to Step 3.

Step 3: Compare A) the larger deficit between the "unrestricted net position" and the "total net position", and B) current assets minus current liabilities.

Step 4: Submit a plan to eliminate the smaller deficit between A and B.

As of June 30, 2025, the City had an unrestricted net position deficit in the Motor Pool Fund totaling \$70,316. Current assets minus current liabilities is positive; therefore, a deficit elimination plan is not required for the Motor Pool Fund in the current year.

**NOTE T – EXPENDITURES OVER APPROPRIATIONS:**

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

During the year ended June 30, 2025, the City incurred functional expenditures which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<b>General Fund:</b>			
Other general government	\$36,000	\$39,355	\$3,355
<b>Major Street Fund:</b>			
Routine maintenance	\$62,148	\$67,415	\$5,267
<b>Local Street Fund:</b>			
Construction	\$12,250	\$33,866	\$21,616

**THIS PAGE WAS LEFT BLANK INTENTIONALLY**

**REQUIRED SUPPLEMENTAL INFORMATION**

**City of Munising, Michigan**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT CONTRIBUTION PENSION PLAN

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

	Plan Year Ending December 31,				
	2024	2023	2022	2021	2020
<b>Change in total pension liability</b>					
Service cost	\$ 102,361	\$ 108,713	\$ 123,923	\$ 118,439	\$ 118,497
Interest	841,306	842,883	806,369	791,283	746,303
Differences between expected and actual experience	(201,487)	(290,240)	-	(38,629)	(17,734)
Changes in assumption	(23,993)	90,684	207,820	420,350	306,605
Benefit payments, including refunds of member contributions	(663,551)	(651,441)	(602,285)	(564,642)	(558,972)
Other changes	1	1	(1)	-	-
<b>Net change in total pension liability</b>	<u>54,637</u>	<u>100,600</u>	<u>535,826</u>	<u>726,801</u>	<u>594,699</u>
<b>Total pension liability, beginning</b>	<u>11,997,943</u>	<u>11,897,343</u>	<u>11,361,517</u>	<u>10,634,716</u>	<u>10,040,017</u>
<b>Total pension liability, ending (a)</b>	<u>12,052,580</u>	<u>11,997,943</u>	<u>11,897,343</u>	<u>11,361,517</u>	<u>10,634,716</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	514,890	482,403	468,883	438,660	390,498
Contributions - employee	-	-	-	-	-
Net investment income	511,100	700,081	(751,354)	909,618	743,976
Benefit payments, including refunds of member contributions	(663,551)	(651,441)	(602,285)	(564,642)	(558,972)
Administrative expense	(15,195)	(14,859)	(13,340)	(10,435)	(11,818)
Other changes	1	-	(1)	-	1
<b>Net change in plan fiduciary net position</b>	<u>347,245</u>	<u>516,184</u>	<u>(898,097)</u>	<u>773,201</u>	<u>563,685</u>
<b>Plan fiduciary net position, beginning</b>	<u>6,871,141</u>	<u>6,354,957</u>	<u>7,253,054</u>	<u>6,479,853</u>	<u>5,916,168</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>7,218,386</u>	<u>6,871,141</u>	<u>6,354,957</u>	<u>7,253,054</u>	<u>6,479,853</u>
<b>City's net pension liability, ending (a) - (b)</b>	<u>\$ 4,834,194</u>	<u>\$ 5,126,802</u>	<u>\$ 5,542,386</u>	<u>\$ 4,108,463</u>	<u>\$ 4,154,863</u>
Plan fiduciary net position as a percentage of the total pension liability	59.89%	57.27%	53.41%	63.84%	60.93%
Covered-employee payroll	\$ 758,947	\$ 810,589	\$ 900,655	\$ 953,626	\$ 973,194
City's net pension liability as a percentage of covered payroll	636.96%	632.48%	615.37%	430.83%	426.93%

**Notes to Schedule:**

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

<i>Benefit changes:</i>	NONE	NONE	NONE	NONE	NONE
<i>Changes in assumptions:</i>	2024	2023	2022	2021	2020

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

2023 - For purposes of the calculation a discount rate of 7.25% was used for the interest rate calculation on the total pension liability and on the investment projections. For the end of the year, the discount rate was changed to 7.18%.

2022 - A discount rate of 7.25% was used for the interest rate calculation on the total pension liability and on the investment projections. In February 2022, the MERS Retirement Board adopted a dedicated gains policy. Investment performance for the one-year period ending December 31, 2022 did not result in excess gains for use lowering the assumed rate of investment return. As a result, this assumption remains at 7.00%.

2021 - For purposes of the calculation a discount rate of 7.60% was used for the interest rate calculation on the total pension liability and on the investment projections. For the end of the year, the discount rate was changed to 7.25%.

2020 - As part of best practice, MERS performs an "Experience Study" at least every five years. The most recent study covering years 2014-2018 was completed in February 2020. As a result, the MERS Retirement Board approved adjustments to several assumptions, including updates to mortality rates, mortality improvement rates, and retirement and withdrawal rates. The updated demographic assumptions won't impact required contributions until fiscal year 2022.

**City of Munising, Michigan**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT CONTRIBUTION PENSION PLAN  
(Continued)

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

	Plan Year Ending December 31,				
	2019	2018	2017	2016	2015
<b>Change in total pension liability</b>					
Service cost	\$ 114,329	\$ 112,954	\$ 119,348	\$ 115,800	\$ 109,228
Interest	736,578	705,489	683,189	667,519	620,561
Differences between expected and actual experience	(23,873)	106,258	(21,902)	(123,179)	45,818
Changes in assumption	338,513	-	-	-	492,430
Benefit payments, including refunds of member contributions	(551,191)	(522,364)	(474,985)	(457,110)	(441,439)
Other changes	1	1	(1)	1	(2)
<b>Net change in total pension liability</b>	<u>614,357</u>	<u>402,338</u>	<u>305,649</u>	<u>203,031</u>	<u>826,596</u>
<b>Total pension liability, beginning</b>	<u>9,425,660</u>	<u>9,023,322</u>	<u>8,717,673</u>	<u>8,514,642</u>	<u>7,688,046</u>
<b>Total pension liability, ending (a)</b>	<u>10,040,017</u>	<u>9,425,660</u>	<u>9,023,322</u>	<u>8,717,673</u>	<u>8,514,642</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	325,317	294,993	276,474	251,568	234,705
Contributions - employee	-	-	-	-	-
Net investment income	728,034	(225,237)	705,638	566,578	(78,577)
Benefit payments, including refunds of member contributions	(551,191)	(522,364)	(474,985)	(457,110)	(441,439)
Administrative expense	(12,534)	(11,304)	(11,183)	(11,190)	(11,569)
Other changes	-	-	1	-	(1)
<b>Net change in plan fiduciary net position</b>	<u>489,626</u>	<u>(463,912)</u>	<u>495,945</u>	<u>349,846</u>	<u>(296,881)</u>
<b>Plan fiduciary net position, beginning</b>	<u>5,426,542</u>	<u>5,890,454</u>	<u>5,394,509</u>	<u>5,044,663</u>	<u>5,341,544</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>5,916,168</u>	<u>5,426,542</u>	<u>5,890,454</u>	<u>5,394,509</u>	<u>5,044,663</u>
<b>City's net pension liability, ending (a) - (b)</b>	<u>\$ 4,123,849</u>	<u>\$ 3,999,118</u>	<u>\$ 3,132,868</u>	<u>\$ 3,323,164</u>	<u>\$ 3,469,979</u>
Plan fiduciary net position as a percentage of the total pension liability	58.93%	57.57%	65.28%	61.88%	59.25%
Covered-employee payroll	\$ 951,644	\$ 945,437	\$ 997,001	\$ 961,548	\$ 952,030
City's net pension liability as a percentage of covered payroll	433.34%	422.99%	314.23%	345.61%	364.48%

**Notes to Schedule:**

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

<i>Benefit changes:</i>	NONE	NONE	NONE	NONE	NONE
<i>Changes in assumptions:</i>	2019	NONE	NONE	NONE	2015

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

2015 - Valuation year December 31, 2015 the mortality table was adjusted to reflect longer lifetimes. The assumed annual rate of investment return, net of all expenses, was lowered from 8.00% to 7.75%. The asset smoothing was changed from 10 to 5 years. Inflation was lowered to 2.5%. Salary increases was lowered from 4.50% to 3.75%.

**City of Munising, Michigan**  
**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**DEFINED BENEFIT CONTRIBUTION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency / (Excess)	Covered- Employee Payroll	Contribution as Percentage of Covered- Employee Payroll
2025	\$ 554,952	\$ 554,952	\$ -	\$ 758,947	73.12%
2024	474,828	474,828	-	810,589	58.58%
2023	487,428	487,428	-	979,891	49.74%
2022	450,684	450,684	-	1,003,110	43.23%
2021	426,636	426,636	-	986,989	36.67%
2020	354,360	354,360	-	966,388	30.86%
2019	294,993	294,993	-	956,007	27.20%
2018	276,474	276,474	-	1,016,294	25.80%
2017	251,568	251,568	-	975,132	25.68%
2016	234,075	234,075	-	911,674	21.84%

**Notes to Schedule of Contributions**

Valuation date      December 31, 2022  
Notes                    Actuarially determined contribution rates are calculated as of December 31, that is eighteen months prior to the beginning of the fiscal year of with the contributions are reported.

Other information    There were no benefit changes during the year.  
                                  There were changes in actuarial assumptions or methods during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent
Remaining amortization period	16 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Retirement age	Varies depending on plan adoption
Investment rate of return	7.00%
Mortality rates	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

**City of Munising, Michigan**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)
	Original	Final			
<b>REVENUES:</b>					
Taxes	\$ 1,279,675	\$ 1,292,963	\$ 13,288	\$ 1,281,438	\$ (11,525)
Licenses and permits	45,000	45,000	-	29,676	(15,324)
Intergovernmental revenues	825,911	945,738	119,827	940,761	(4,977)
Charges for services	632,875	805,820	172,945	847,419	41,599
Fines and forfeits	3,000	5,000	2,000	2,225	(2,775)
Interest and rents	20,000	50,000	30,000	56,713	6,713
Other revenues	83,000	90,550	7,550	86,394	(4,156)
<b>TOTAL REVENUES</b>	<b>2,889,461</b>	<b>3,235,071</b>	<b>345,610</b>	<b>3,244,626</b>	<b>9,555</b>
<b>EXPENDITURES:</b>					
General government					
Legislative	17,805	17,805	-	14,631	3,174
Chief executive	184,536	206,086	(21,550)	201,511	4,575
Clerk	181,562	183,077	(1,515)	169,002	14,075
Board of review	2,200	2,200	-	1,548	652
Treasurer	149,965	150,465	(500)	140,870	9,595
Assessor	28,955	32,905	(3,950)	29,225	3,680
Elections	14,000	8,300	5,700	6,502	1,798
Attorney	49,800	49,800	-	41,483	8,317
Other general government	36,000	36,000	-	39,355	(3,355)
Total general government	<u>664,823</u>	<u>686,638</u>	<u>(21,815)</u>	<u>644,127</u>	<u>42,511</u>
Public safety					
Police department	762,565	809,615	(47,050)	804,811	4,804
Fire department	93,030	154,630	(61,600)	151,647	2,983
Total public safety	<u>855,595</u>	<u>964,245</u>	<u>(108,650)</u>	<u>956,458</u>	<u>7,787</u>
Public works					
Public works department	629,055	583,405	45,650	469,589	113,816
Sanitary landfill	17,500	8,185	9,315	5,783	2,402
Refuse collection	2,520	2,520	-	2,434	86
Cemetery	126,950	174,400	(47,450)	162,736	11,664
Total public works	<u>776,025</u>	<u>768,510</u>	<u>7,515</u>	<u>640,542</u>	<u>127,968</u>
Community and economic development					
Planning	7,000	7,000	-	527	6,473
Zoning	2,000	500	1,500	-	500
Economic development	174,512	174,512	-	156,258	18,254
Total community and economic development	<u>183,512</u>	<u>182,012</u>	<u>1,500</u>	<u>156,785</u>	<u>25,227</u>
Recreation and culture					
Parks and properties	224,390	237,140	(12,750)	138,925	98,215
Tourist park	456,500	531,615	(75,115)	456,457	75,158
Ice arena	116,800	116,800	-	90,528	26,272
Total recreation and culture	<u>797,690</u>	<u>885,555</u>	<u>(87,865)</u>	<u>685,910</u>	<u>199,645</u>
<b>TOTAL EXPENDITURES</b>	<b>3,277,645</b>	<b>3,486,960</b>	<b>(209,315)</b>	<b>3,083,822</b>	<b>403,138</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(388,184)</b>	<b>(251,889)</b>	<b>136,295</b>	<b>160,804</b>	<b>412,693</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from borrowing	-	-	-	-	-
Transfers in	30,000	30,000	-	30,000	-
Transfers (out)	(477,369)	(825,069)	(347,700)	(604,415)	220,654
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(447,369)</b>	<b>(795,069)</b>	<b>(347,700)</b>	<b>(574,415)</b>	<b>220,654</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(835,553)</b>	<b>(1,046,958)</b>	<b>(211,405)</b>	<b>(413,611)</b>	<b>633,347</b>
Fund balance, beginning of year	2,637,768	2,637,768	-	2,637,768	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,802,215</b>	<b>\$ 1,590,810</b>	<b>\$ (211,405)</b>	<b>\$ 2,224,157</b>	<b>\$ 633,347</b>

**City of Munising, Michigan**

MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental revenue	\$ 411,000	\$ 516,600	\$ 105,600	\$ 518,569	\$ 1,969
Interest income	2,500	4,500	2,000	4,045	(455)
Other revenues	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>413,500</b>	<b>521,100</b>	<b>107,600</b>	<b>522,614</b>	<b>1,514</b>
<b>EXPENDITURES:</b>					
Public Works:					
Construction	232,000	265,175	(33,175)	44,492	220,683
Routine maintenance	36,000	62,148	(26,148)	67,415	(5,267)
Street/catch basin cleaning	8,500	22,000	(13,500)	15,906	6,094
Traffic services maintenance	19,900	13,450	6,450	5,905	7,545
Winter maintenance	150,000	122,100	27,900	110,346	11,754
General and administrative	2,750	2,750	-	1,936	814
Highway M-28	162,950	231,825	(68,875)	218,643	13,182
Total Public Works	612,100	719,448	(107,348)	464,643	254,805
<b>TOTAL EXPENDITURES</b>	<b>612,100</b>	<b>719,448</b>	<b>(107,348)</b>	<b>464,643</b>	<b>254,805</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(198,600)</b>	<b>(198,348)</b>	<b>252</b>	<b>57,971</b>	<b>256,319</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers (out)	(108,787)	(108,787)	-	(108,787)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(108,787)</b>	<b>(108,787)</b>	<b>-</b>	<b>(108,787)</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(307,387)</b>	<b>(307,135)</b>	<b>252</b>	<b>(50,816)</b>	<b>256,319</b>
Fund balance, beginning of year	587,447	587,447	-	587,447	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 280,060</b>	<b>\$ 280,312</b>	<b>\$ 252</b>	<b>\$ 536,631</b>	<b>\$ 256,319</b>

**City of Munising, Michigan**

LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget Positive / (Negative)	Actual GAAP Basis	Variance with Final Budget Positive / (Negative)
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental revenue	\$ 118,900	\$ 131,300	\$ 12,400	\$ 130,641	\$ (659)
Interest income	150	250	100	254	4
Other revenues	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>119,050</u>	<u>131,550</u>	<u>12,500</u>	<u>130,895</u>	<u>(655)</u>
<b>EXPENDITURES:</b>					
Public Works:					
Construction	-	12,250	(12,250)	33,866	(21,616)
Routine maintenance	32,950	43,350	(10,400)	32,417	10,933
Street/catch basin cleaning	10,800	15,800	(5,000)	14,222	1,578
Traffic services maintenance	7,700	8,700	(1,000)	2,161	6,539
Winter maintenance	138,100	170,050	(31,950)	163,892	6,158
General and administrative	2,200	2,200	-	1,694	506
Total Public Works	<u>191,750</u>	<u>252,350</u>	<u>(60,600)</u>	<u>248,252</u>	<u>4,098</u>
<b>TOTAL EXPENDITURES</b>	<u>191,750</u>	<u>252,350</u>	<u>(60,600)</u>	<u>248,252</u>	<u>4,098</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(72,700)</u>	<u>(120,800)</u>	<u>(48,100)</u>	<u>(117,357)</u>	<u>3,443</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	72,700	102,700	30,000	72,700	(30,000)
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>72,700</u>	<u>102,700</u>	<u>30,000</u>	<u>72,700</u>	<u>(30,000)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(18,100)</u>	<u>(18,100)</u>	<u>(44,657)</u>	<u>(26,557)</u>
Fund balance, beginning of year	<u>74,244</u>	<u>74,244</u>	<u>-</u>	<u>74,244</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 74,244</u>	<u>\$ 56,144</u>	<u>\$ (18,100)</u>	<u>\$ 29,587</u>	<u>\$ (26,557)</u>

## OTHER SUPPLEMENTARY INFORMATION

## City of Munising, Michigan

### MAJOR GOVERNMENTAL FUNDS

#### **GENERAL FUND**

The function of the General Fund is to record all revenues and expenditures of the City which are not accounted for in other funds. The General Fund receives revenue from many sources which are used to finance a wide range of City activities.

The major activities financed by the General Fund are Fire and Police Protection, Public Works, Parks and Recreation, City Administration and most public services.

The modified accrual basis of accounting is used in recording General Fund transactions.

#### **SPECIAL REVENUE FUNDS**

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The MAJOR STREET FUND and LOCAL STREET FUND are major special revenue fund types.

MAJOR STREET FUND and LOCAL STREET FUND: Michigan's Act 51 of 1993, as amended, allocates gasoline and weight taxes to build and maintain roads, roadsides and storm sewers and to remove snow from and to control traffic along roads. These tax monies may be transferred between funds only as permitted by law. Other revenues include general taxes transferred from the General Fund. Within the City, Federal and State trunklines and certain "mile" roads are maintained by the City under contractual agreement with the State of Michigan and are subject to reimbursement to the City. The remaining mile roads and certain other roads are designated as MAJOR STREETS, maintained on a priority basis by the City, and the remaining roads are designated as LOCAL STREETS.

#### **CAPITAL PROJECTS FUND**

The function of the Capital Projects Fund is to record revenues and expenditures for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The modified accrual basis of accounting is used in recording Capital Projects Fund transactions.

**City of Munising, Michigan**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Property taxes	\$ 1,239,738	\$ 1,228,334	\$ (11,404)
Penalties, interest and fees	53,050	52,987	(63)
Trailer taxes	175	117	(58)
Total Taxes	<u>1,292,963</u>	<u>1,281,438</u>	<u>(11,525)</u>
Licenses and Permits:			
Business licenses and franchises	32,000	16,576	(15,424)
Other licenses and permits	13,000	13,100	100
Total Licenses and Permits	<u>45,000</u>	<u>29,676</u>	<u>(15,324)</u>
Intergovernmental Revenue:			
Payments in lieu of taxes	24,033	30,672	6,639
State revenue sharing	296,462	290,157	(6,305)
LCSA appropriations	263,150	263,142	(8)
Federal grants	93,000	99,746	6,746
Recreational Marijuana taxes	116,500	116,457	(43)
Other intergovernmental revenue	152,593	140,587	(12,006)
Total Intergovernmental Revenue	<u>945,738</u>	<u>940,761</u>	<u>(4,977)</u>
Charges for Services:			
Industrial park leases	13,650	13,628	(22)
Tourist park fees	742,920	784,468	41,548
Ice arena fees	49,175	49,257	82
Solid waste disposal tags	-	-	-
Other charges for services	75	66	(9)
Total Charges for Services	<u>805,820</u>	<u>847,419</u>	<u>41,599</u>
Fines and Forfeits:			
Fines and forfeits income	5,000	2,225	(2,775)
Total Fines and Forfeits	<u>5,000</u>	<u>2,225</u>	<u>(2,775)</u>
Interest and Rents:			
Interest income	50,000	56,713	6,713
Total Interest and Rents	<u>50,000</u>	<u>56,713</u>	<u>6,713</u>
Other Revenues:			
Cemetery lots	27,550	27,100	(450)
Private contributions	50,000	50,000	-
Other	13,000	9,294	(3,706)
Total Other Revenues	<u>90,550</u>	<u>86,394</u>	<u>(4,156)</u>
<b>TOTAL REVENUES</b>	<u>3,235,071</u>	<u>3,244,626</u>	<u>9,555</u>

**City of Munising, Michigan**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>EXPENDITURES:</b>			
<b>GENERAL GOVERNMENT:</b>			
Legislative:			
Personal services	\$ 3,055	\$ 2,947	\$ 108
Supplies	100	121	(21)
Other services and charges	14,650	11,563	3,087
Capital outlay	-	-	-
Total Legislative	<u>17,805</u>	<u>14,631</u>	<u>3,174</u>
Chief Executive:			
Personal services	166,836	164,570	2,266
Supplies	-	-	-
Other services and charges	39,250	36,941	2,309
Capital outlay	-	-	-
Total Chief Executive	<u>206,086</u>	<u>201,511</u>	<u>4,575</u>
Clerk:			
Personal services	153,287	146,202	7,085
Supplies	7,915	7,907	8
Other services and charges	21,875	14,893	6,982
Capital outlay	-	-	-
Total Clerk	<u>183,077</u>	<u>169,002</u>	<u>14,075</u>
Board of Review:			
Personal services	800	550	250
Supplies	-	-	-
Other services and charges	1,400	998	402
Capital outlay	-	-	-
Total Board of Review	<u>2,200</u>	<u>1,548</u>	<u>652</u>
Treasurer:			
Personal services	131,365	126,079	5,286
Supplies	740	338	402
Other services and charges	18,360	14,453	3,907
Capital outlay	-	-	-
Total Treasurer	<u>150,465</u>	<u>140,870</u>	<u>9,595</u>
Assessor:			
Personal services	3,000	2,153	847
Supplies	1,000	-	1,000
Other services and charges	28,905	27,072	1,833
Capital outlay	-	-	-
Total Assessor	<u>32,905</u>	<u>29,225</u>	<u>3,680</u>

**City of Munising, Michigan**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Elections:			
Personal services	\$ 3,900	\$ 2,998	\$ 902
Supplies	3,500	2,940	560
Other services and charges	900	564	336
Capital outlay	-	-	-
Total Elections	<u>8,300</u>	<u>6,502</u>	<u>1,798</u>
Attorney:			
Other services and charges	49,800	41,483	8,317
Total Attorney	<u>49,800</u>	<u>41,483</u>	<u>8,317</u>
Other General Government:			
Insurance	36,000	33,839	2,161
Other miscellaneous services and charges	-	5,516	(5,516)
Total Other General Government	<u>36,000</u>	<u>39,355</u>	<u>(3,355)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>686,638</u>	<u>644,127</u>	<u>42,511</u>
<b>PUBLIC SAFETY:</b>			
Police Department:			
Personal services	722,110	721,480	630
Supplies	2,000	1,341	659
Other services and charges	72,105	68,600	3,505
Capital outlay	13,400	13,390	10
Total Police Department	<u>809,615</u>	<u>804,811</u>	<u>4,804</u>
Fire Department:			
Personal services	51,750	51,150	600
Supplies	4,000	3,155	845
Other services and charges	36,680	35,333	1,347
Capital outlay	62,200	62,009	191
Total Fire Department	<u>154,630</u>	<u>151,647</u>	<u>2,983</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>964,245</u>	<u>956,458</u>	<u>7,787</u>
<b>PUBLIC WORKS:</b>			
Public Works Department:			
Personal services	355,480	282,710	72,770
Supplies	9,950	8,892	1,058
Other services and charges	203,125	163,184	39,941
Capital outlay	14,850	14,803	47
Total Public Works Department	<u>583,405</u>	<u>469,589</u>	<u>113,816</u>
Sanitary Landfill:			
Other services and charges	8,185	5,783	2,402
Total Sanitary Landfill	<u>8,185</u>	<u>5,783</u>	<u>2,402</u>

**City of Munising, Michigan**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Refuse Collection:			
Other services and charges	\$ 2,520	\$ 2,434	\$ 86
Total Refuse Collection	<u>2,520</u>	<u>2,434</u>	<u>86</u>
Cemetery:			
Personal services	85,600	76,785	8,815
Supplies	3,100	3,440	(340)
Other services and charges	43,450	42,374	1,076
Capital outlay	42,250	40,137	2,113
Total Cemetery	<u>174,400</u>	<u>162,736</u>	<u>11,664</u>
<b>TOTAL PUBLIC WORKS</b>	<u>768,510</u>	<u>640,542</u>	<u>127,968</u>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT:</b>			
Planning:			
Other services and charges	7,000	527	6,473
Capital outlay	-	-	-
Total Planning	<u>7,000</u>	<u>527</u>	<u>6,473</u>
Zoning:			
Other services and charges	500	-	500
Capital outlay	-	-	-
Total Zoning	<u>500</u>	<u>-</u>	<u>500</u>
Economic Development:			
Other services and charges	174,512	156,258	18,254
Capital outlay	-	-	-
Total Economic Development	<u>174,512</u>	<u>156,258</u>	<u>18,254</u>
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	<u>182,012</u>	<u>156,785</u>	<u>25,227</u>
<b>RECREATION AND CULTURE:</b>			
Parks and Recreation Department:			
Personal services	58,190	44,324	13,866
Supplies	2,000	1,954	46
Other services and charges	51,950	41,640	10,310
Capital outlay	125,000	51,007	73,993
Total Parks and Recreation Department	<u>237,140</u>	<u>138,925</u>	<u>98,215</u>
Tourist Park:			
Personal services	14,850	6,339	8,511
Supplies	4,000	3,271	729
Other services and charges	307,765	300,932	6,833
Capital outlay	205,000	145,915	59,085
Total Tourist Park	<u>531,615</u>	<u>456,457</u>	<u>75,158</u>

**City of Munising, Michigan**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Ice Arena:			
Personal services	\$ -	\$ -	\$ -
Supplies	3,500	2,556	944
Other services and charges	113,300	87,972	25,328
Capital outlay	-	-	-
Total Ice Arena	<u>116,800</u>	<u>90,528</u>	<u>26,272</u>
<b>TOTAL RECREATION AND CULTURE</b>	<u>885,555</u>	<u>685,910</u>	<u>199,645</u>
<b>TOTAL EXPENDITURES</b>	<u>3,486,960</u>	<u>3,083,822</u>	<u>403,138</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(251,889)</u>	<u>160,804</u>	<u>412,693</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from borrowing	-	-	-
Transfers in	30,000	30,000	-
Transfers (out)	<u>(825,069)</u>	<u>(604,415)</u>	<u>220,654</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(795,069)</u>	<u>(574,415)</u>	<u>220,654</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(1,046,958)</u>	<u>(413,611)</u>	<u>633,347</u>
Fund balance, beginning of year	<u>2,637,768</u>	<u>2,637,768</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 1,590,810</u></u>	<u><u>\$ 2,224,157</u></u>	<u><u>\$ 633,347</u></u>

**THIS PAGE WAS LEFT BLANK INTENTIONALLY**

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS**

## City of Munising, Michigan

### NON-MAJOR GOVERNMENTAL FUNDS

#### **SPECIAL REVENUE FUNDS**

The function of the Special Revenue Funds is to record revenues and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions. The POLICE TRAINING FUND and BROWNFIELD REDEVELOPMENT AUTHORITY FUND are non-major special revenue fund types.

#### **DEBT SERVICE FUNDS**

The function of the Debt Service Funds is to account for the accumulation of resources and payment of general obligation principal and interest from the governmental resources. The modified accrual basis of accounting is used in recording the Debt Service Fund transactions.

ENERGY DEBT SERVICE FUND: This fund was initially established in 2014 to account for the annual payments on the 2013 Limited Tax General Obligation Bonds. These bonds, totaling \$1,450,000, were issued for the purpose of financing energy construction and improvements. The bonds were subsequently defeased. This fund is now used to account for the annual governmental activities' debt service payments on the 2021 General Obligation Limited Tax Refunding bonds.

BUILDING CONSTRUCTION DEBT SERVICE FUND: This fund was initially established in 2005 to account for the annual payments on the retirement of the 2005 General Obligation Limited Tax Bonds. These bonds, totaling \$829,350, were issued for the purpose of financing the acquisition and renovation of a building, construction of a vehicle storage facility, salt storage structure and material storage area. The bonds were subsequently defeased as part of the issuance of the 2020 Capital Improvement Refunding Bonds, which also defeased the 2010 General Obligation Limited Tax Bonds. This fund is now used to account for the annual governmental activities' debt service payments on the 2020 Capital Improvement Refunding Bonds.

#### **PERMANENT FUNDS**

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

CEMETERY TRUST FUND: This fund is used to account for monies received for care of cemetery lots. The principal amount must be maintained intact and invested. Interest earnings are used to offset the City's cost of cemetery maintenance.

**City of Munising, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2025

	Special Revenue Funds	Debt Service Funds	Permanent Funds Cemetery Trust Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,271	\$ -	\$ 36,691	\$ 89,962
Cash and cash equivalents-restricted	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	53,271	-	36,691	89,962
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 53,271</u>	<u>\$ -</u>	<u>\$ 36,691</u>	<u>\$ 89,962</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE</b>				
Non-spendable	-	-	-	-
Restricted	53,271	-	36,691	89,962
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCE</b>	53,271	-	36,691	89,962
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 53,271</u>	<u>\$ -</u>	<u>\$ 36,691</u>	<u>\$ 89,962</u>

**City of Munising, Michigan**

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2025

	Special Revenue Funds	Debt Service Funds	Permanent Fund Cemetery Trust Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ 5,378	\$ -	\$ -	\$ 5,378
Federal grants	-	-	-	-
Intergovernmental revenue	1,494	-	-	1,494
Interest income	361	-	365	726
Other revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	7,233	-	365	7,598
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>				
Current Operations:				
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal retirement	-	147,280	-	147,280
Interest and fiscal charges	-	30,016	-	30,016
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	-	177,296	-	177,296
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,233	(177,296)	365	(169,698)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from borrowing	-	-	-	-
Transfers in	-	177,296	-	177,296
Transfers (out)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	177,296	-	177,296
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN FUND BALANCE</b>	7,233	-	365	7,598
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	46,038	-	36,326	82,364
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	\$ 53,271	\$ -	\$ 36,691	\$ 89,962
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**City of Munising, Michigan**

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2025

	Police Training Fund	Brownfield Redevelopment Authority Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,529	\$ 44,742	\$ 53,271
Accounts receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	8,529	44,742	53,271
	<hr/>	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 8,529	\$ 44,742	\$ 53,271
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE</b>			
Non-spendable	-	-	-
Restricted	8,529	44,742	53,271
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCE</b>	8,529	44,742	53,271
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 8,529	\$ 44,742	\$ 53,271
	<hr/>	<hr/>	<hr/>

**City of Munising, Michigan**

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2025

	Police Training Fund	Brownfield Redevelopment Authority Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
Property taxes	\$ -	\$ 5,378	\$ 5,378
Intergovernmental revenue	1,494	-	1,494
Interest income	-	361	361
Other revenues	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES</b>	<u>1,494</u>	<u>5,739</u>	<u>7,233</u>
<b>EXPENDITURES:</b>			
Current Operations:			
Public safety	-	-	-
Public works	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,494</u>	<u>5,739</u>	<u>7,233</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	1,494	5,739	7,233
Fund balance, beginning of year	<u>7,035</u>	<u>39,003</u>	<u>46,038</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 8,529</u>	<u>\$ 44,742</u>	<u>\$ 53,271</u>

**City of Munising, Michigan**

**POLICE TRAINING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Intergovernmental revenue	\$ 1,500	\$ 1,494	\$ (6)
Other	-	-	-
	<u>1,500</u>	<u>1,494</u>	<u>(6)</u>
<b>TOTAL REVENUES</b>			
	<u>1,500</u>	<u>1,494</u>	<u>(6)</u>
<b>EXPENDITURES:</b>			
Public Safety:			
Other services and charges	<u>675</u>	<u>-</u>	<u>675</u>
	<u>675</u>	<u>-</u>	<u>675</u>
<b>TOTAL EXPENDITURES</b>			
	<u>675</u>	<u>-</u>	<u>675</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>825</u>	<u>1,494</u>	<u>669</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	825	1,494	669
Fund balance, beginning of year	<u>7,035</u>	<u>7,035</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 7,860</u></u>	<u><u>\$ 8,529</u></u>	<u><u>\$ 669</u></u>

**City of Munising, Michigan**

**BROWNFIELD REDEVELOPMENT AUTHORITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 5,432	\$ 5,378	\$ (54)
Intergovernmental revenue	-	-	-
Interest income	375	361	(14)
Other	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>5,807</b>	<b>5,739</b>	<b>(68)</b>
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Public Works:			
Other services and charges	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,807</b>	<b>5,739</b>	<b>(68)</b>
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN FUND BALANCE</b>	<b>5,807</b>	<b>5,739</b>	<b>(68)</b>
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	39,003	39,003	-
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 44,810</b>	<b>\$ 44,742</b>	<b>\$ (68)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**City of Munising, Michigan**

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2025

	Energy Debt Service Fund	Building Construction Debt Service Fund	Total
<b>REVENUES:</b>			
Intergovernmental revenue	\$ -	\$ -	\$ -
Interest income	-	-	-
Other revenues	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<hr/> -	<hr/> -	<hr/> -
<b>EXPENDITURES:</b>			
Debt Service:			
Principal	41,280	106,000	147,280
Interest and other	4,570	25,446	30,016
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<hr/> 45,850	<hr/> 131,446	<hr/> 177,296
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<hr/> (45,850)	<hr/> (131,446)	<hr/> (177,296)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	45,850	131,446	177,296
Transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<hr/> 45,850	<hr/> 131,446	<hr/> 177,296
<b>CHANGES IN FUND BALANCE</b>	-	-	-
Fund balance, beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

## **City of Munising, Michigan**

### **ENTERPRISE FUNDS**

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

The major Enterprise Funds of the City are the SEWER, WATER FUND and MARINA FUND.

**SEWER FUND:** To account for the management of sewer related activities including billing, maintenance and construction.

**WATER FUND:** To account for the management of water related activities including billing, maintenance and construction.

**MARINA FUND:** To account for the activity at the City operated marina.

**City of Munising, Michigan**

SEWER FUND

STATEMENT OF NET POSITION

June 30, 2025

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 2,066,865
Accounts receivable	207,104
Due from other governmental units	-
Due from other funds	-
Advance to other funds	27,616
Prepaid expenses	8,635
Non-current Assets:	
Restricted cash	911,264
Advance to other funds	232,314
Capital Assets:	
Land and construction in progress	55,100
Other capital assets, net	<u>13,134,601</u>
<b>TOTAL ASSETS</b>	<u>16,643,499</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension	24,792
Employer contributions subsequent to measurement date	76,462
Deferred amount on bond refunding	<u>45,971</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>147,225</u>

Current Liabilities:	
Accounts payable	43,180
Accrued salaries	12,352
Due to other funds	147,453
Non-current Liabilities:	
Portion due or payable within one year:	
Bonds payable	302,120
Notes payable	10,250
Advance from component unit	10,250
Employee benefits	48,407
Portion due or payable after one year:	
Bonds payable	7,998,040
Premium on Bonds	163,288
Notes payable	30,750
Advance from component unit	41,000
Employee benefits	45,464
Net pension liability	<u>777,368</u>
<b>TOTAL LIABILITIES</b>	<u>9,629,922</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension	<u>52,480</u>
-------------------------------------	---------------

**NET POSITION**

Net investment in capital assets	4,634,003
Restricted for:	
Advance to other funds	259,930
USDA bond reserves	110,739
Capital Improvement	800,444
Unrestricted	<u>1,303,206</u>
<b>TOTAL NET POSITION</b>	<u>\$ 7,108,322</u>

**City of Munising, Michigan**

SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OPERATING REVENUES:</b>			
Charges for services:			
Sales to customers	\$ 1,910,500	\$ 1,951,012	\$ 40,512
Repairs, taps and permits	4,000	3,080	(920)
Other operating revenue	<u>3,000</u>	<u>381</u>	<u>(2,619)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,917,500</u>	<u>1,954,473</u>	<u>36,973</u>
<b>OPERATING EXPENSES:</b>			
Sewer Collection:			
Personal services	107,978	48,307	59,671
Supplies	1,800	760	1,040
Professional services	11,000	6,706	4,294
Other services and charges	132,940	16,668	116,272
Building and equipment rental	7,510	14,678	(7,168)
Total Sewer Collection	<u>261,228</u>	<u>87,119</u>	<u>174,109</u>
Sewer Treatment:			
Personal services	558,545	426,519	132,026
Supplies	49,100	27,472	21,628
Professional services	73,000	77,646	(4,646)
Other services and charges	341,250	156,604	184,646
Building and equipment rental	1,500	1,341	159
Total Sewer Treatment	<u>1,023,395</u>	<u>689,582</u>	<u>333,813</u>
Administrative and General:			
Personal services	60,272	47,531	12,741
Supplies	2,250	1,797	453
Professional services	14,000	7,430	6,570
Other services and charges	247,500	5,722	241,778
Building and equipment rental	6,510	6,510	-
Total Administrative and General	<u>330,532</u>	<u>68,990</u>	<u>261,542</u>
Depreciation	<u>479,100</u>	<u>560,598</u>	<u>(81,498)</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>2,094,255</u>	<u>1,406,289</u>	<u>687,966</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(176,755)</u>	<u>548,184</u>	<u>724,939</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	32,050	30,464	(1,586)
Interest expense	(193,520)	(196,225)	(2,705)
Gain (loss) on disposal of assets	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(161,470)</u>	<u>(165,761)</u>	<u>(4,291)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(338,225)</u>	<u>382,423</u>	<u>720,648</u>
Federal grants for capital assets	-	-	-
State grants for capital assets	-	-	-
Capital contributions	-	36,169	36,169
Transfers from local units for debt	70,000	70,000	-
Transfers in	34,399	-	(34,399)
Transfers (out)	<u>(227,100)</u>	<u>(198,920)</u>	<u>28,180</u>
<b>CHANGE IN NET POSITION</b>	<u>(460,926)</u>	<u>289,672</u>	<u>750,598</u>
Net position, beginning of year	<u>6,818,650</u>	<u>6,818,650</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 6,357,724</u>	<u>\$ 7,108,322</u>	<u>\$ 750,598</u>

City of Munising, Michigan

WATER FUND

STATEMENT OF NET POSITION

June 30, 2025

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	953,084
Accounts receivable		121,977
Due from other governmental units		-
Due from other funds		-
Prepaid expenses		7,172

Non-current Assets:

Restricted cash		636,539
Capital Assets:		
Land and construction in progress		1,061,129
Other capital assets, net		8,747,633

**TOTAL ASSETS** 11,527,534

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension		80,057
Employer contributions subsequent to measurement date		8,521
Deferred amount on bond refunding		33,868

**TOTAL DEFERRED OUTFLOWS OF RESOURCES** 122,446

**LIABILITIES**

Current Liabilities:

Accounts payable		1,294
Accrued salaries		6,641
Due to other funds		-

Non-current Liabilities:

Portion due or payable within one year:		
Bonds payable		220,960
Notes payable		7,000
Advance from component unit		7,000
Employee benefits		16,346
Portion due or payable after one year:		
Bonds payable		7,331,285
Premium on Bonds		61,722
Notes payable		21,000
Advance from component unit		28,000
Employee benefits		7,940
Net pension liability		704,063

**TOTAL LIABILITIES** 8,413,251

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension		38,797
-------------------------------------	--	--------

**NET POSITION**

Net investment in capital assets		2,131,795
Restricted for:		
USDA bond reserves		312,145
Capital improvement		316,890
Unrestricted		437,102

**TOTAL NET POSITION** \$ 3,197,932

**City of Munising, Michigan**

**WATER FUND**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Sales to customers	\$ 1,175,900	\$ 1,209,735	\$ 33,835
Repairs, taps and permits	12,500	11,335	(1,165)
Other operating revenue	5,500	5,448	(52)
	<u>1,193,900</u>	<u>1,226,518</u>	<u>32,618</u>
<b>OPERATING EXPENSES:</b>			
Transmission and Distribution:			
Personal services	377,680	252,974	124,706
Supplies	22,100	19,920	2,180
Professional services	50,000	33,198	16,802
Other services and charges	116,600	108,058	8,542
Building and equipment rental	79,510	80,182	(672)
Total Transmission and Distribution	<u>645,890</u>	<u>494,332</u>	<u>151,558</u>
Administrative and General:			
Personal services	61,372	47,529	13,843
Supplies	2,000	4,974	(2,974)
Professional services	14,000	7,273	6,727
Other services and charges	186,000	2,659	183,341
Building and equipment rental	6,510	6,510	-
Total Administrative and General	<u>269,882</u>	<u>68,945</u>	<u>200,937</u>
Depreciation	257,600	370,077	(112,477)
	<u>1,173,372</u>	<u>933,354</u>	<u>240,018</u>
<b>OPERATING INCOME (LOSS)</b>	<u>20,528</u>	<u>293,164</u>	<u>272,636</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	11,550	11,833	283
Interest expense	(133,154)	(126,684)	6,470
	<u>(121,604)</u>	<u>(114,851)</u>	<u>6,753</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(101,076)</u>	<u>178,313</u>	<u>279,389</u>
Federal grants for capital assets	-	-	-
State grants for capital assets	-	-	-
Capital contributions	-	506,824	506,824
Transfers from local units for debt	30,000	30,000	-
Transfers in	-	-	-
Transfers (out)	(382,480)	(328,086)	54,394
	<u>(453,556)</u>	<u>387,051</u>	<u>840,607</u>
<b>CHANGE IN NET POSITION</b>	<u>(453,556)</u>	<u>387,051</u>	<u>840,607</u>
Net position, beginning of year	2,810,881	2,810,881	-
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,357,325</u>	<u>\$ 3,197,932</u>	<u>\$ 840,607</u>

City of Munising, Michigan

MARINA FUND

STATEMENT OF NET POSITION

June 30, 2025

**ASSETS**

Current Assets:		
Cash and cash equivalents	\$	153,448
Accounts receivable		-
Due from other governmental units		-
Due from other funds		-
Advance to other funds		-
Prepaid expenses		668
Non-current Assets:		
Capital Assets:		
Land and construction in progress		1,043,824
Other capital assets, net		3,018,254
		<hr/>
<b>TOTAL ASSETS</b>		<b>4,216,194</b>

**DEFERRED OUTFLOWS OF RESOURCES**

---

-

**LIABILITIES**

Current Liabilities:		
Accounts payable		4,888
Accrued salaries		-
Due to other funds		-
Non-current Liabilities:		
Portion due or payable within one year:		
Bonds payable		-
Notes payable		-
Advance from other funds		27,616
Employee benefits		-
Portion due or payable after one year:		
Bonds payable		-
Premium on Bonds		-
Notes payable		-
Advance from other funds		232,314
Employee benefits		-
		<hr/>
<b>TOTAL LIABILITIES</b>		<b>264,818</b>

**DEFERRED INFLOWS OF RESOURCES**

-

**NET POSITION**

Net investment in capital assets		3,802,148
Restricted for:		
Capital improvement		-
Unrestricted		149,228
		<hr/>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>3,951,376</b>

**City of Munising, Michigan**

MARINA FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for Services:			
Dock fees	114,360	101,440	(12,920)
Boat ramp fees	18,000	18,172	172
Gas sales and other	56,800	55,800	(1,000)
Other operating revenue	2,800	2,402	(398)
<b>TOTAL OPERATING REVENUES</b>	<u>191,960</u>	<u>177,814</u>	<u>(14,146)</u>
<b>OPERATING EXPENSES:</b>			
Administrative and General:			
Personal services	51,840	51,840	-
Supplies	54,000	52,408	1,592
Professional services	4,000	3,783	217
Other services and charges	39,750	26,296	13,454
Building and equipment rental	4,500	3,929	571
Total Administrative and General	<u>154,090</u>	<u>138,256</u>	<u>15,834</u>
Depreciation	133,500	106,828	26,672
<b>TOTAL OPERATING EXPENSES</b>	<u>287,590</u>	<u>245,084</u>	<u>42,506</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(95,630)</u>	<u>(67,270)</u>	<u>28,360</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	1,850	1,838	(12)
Interest expense	(7,508)	(7,508)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(5,658)</u>	<u>(5,670)</u>	<u>(12)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(101,288)</u>	<u>(72,940)</u>	<u>28,348</u>
Federal grants for capital assets	-	-	-
State grants for capital assets	-	-	-
Capital contributions	-	966,148	966,148
Transfer in	-	-	-
Transfers (out)	(126,890)	(100,000)	26,890
<b>CHANGE IN NET POSITION</b>	<u>(228,178)</u>	<u>793,208</u>	<u>1,021,386</u>
Net position, beginning of year	3,158,168	3,158,168	-
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,929,990</u>	<u>\$ 3,951,376</u>	<u>\$ 1,021,386</u>

**THIS PAGE WAS LEFT BLANK INTENTIONALLY**

**City of Munising, Michigan**

**INTERNAL SERVICE FUNDS**

The function of Internal Service Funds is to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

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

**MUNICIPAL BUILDING AUTHORITY FUND:** To accumulate the expenses and revenues associated with the operation of the Municipal Building.

**City of Munising, Michigan**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2025

	Motor Pool Fund	Municipal Building Authority Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 91,119	\$ 84,933	\$ 176,052
Accounts receivable	4,746	-	4,746
Due from other funds	161,440	-	161,440
Prepaid expenses	1,439	-	1,439
Non-current Assets:			
Restricted Assets:			
ARPA	-	-	-
Capital Assets:			
Land and construction in progress	147,453	20,000	167,453
Other capital assets, net	1,089,599	133,654	1,223,253
	<u>1,495,796</u>	<u>238,587</u>	<u>1,734,383</u>
<b>TOTAL ASSETS</b>			
	<u>1,495,796</u>	<u>238,587</u>	<u>1,734,383</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pension	6,269	-	6,269
Employer contributions subsequent to measurement date	16,399	-	16,399
	<u>22,668</u>	<u>-</u>	<u>22,668</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>22,668</u>	<u>-</u>	<u>22,668</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	164,174	-	164,174
Accrued salaries	2,771	386	3,157
Unearned revenue	-	-	-
Long-term Liabilities:			
Portion due or payable within one year:			
Bonds payable	6,600	2,640	9,240
Notes payable	12,250	500	12,750
Advance from component unit	1,250	500	1,750
Employee benefits	5,610	-	5,610
Portion due or payable after one year:			
Bonds payable	27,200	10,880	38,080
Notes payable	114,750	1,500	116,250
Advance from component unit	5,000	2,000	7,000
Employee benefits	4,029	-	4,029
Net pension liability	167,381	-	167,381
	<u>511,015</u>	<u>18,406</u>	<u>529,421</u>
<b>TOTAL LIABILITIES</b>			
	<u>511,015</u>	<u>18,406</u>	<u>529,421</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pension	7,763	-	7,763
	<u>7,763</u>	<u>-</u>	<u>7,763</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,070,002	135,634	1,205,636
Restricted	-	-	-
Unrestricted	(70,316)	84,547	14,231
	<u>999,686</u>	<u>220,181</u>	<u>1,219,867</u>
<b>TOTAL NET POSITION</b>			
	<u>\$ 999,686</u>	<u>\$ 220,181</u>	<u>\$ 1,219,867</u>

**City of Munising, Michigan**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025

	<u>Motor Pool Fund</u>	<u>Municipal Building Authority Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Rents and royalties	\$ 612,489	\$ 125,500	\$ 737,989
Other operating revenue	6,013	-	6,013
<b>TOTAL OPERATING REVENUES</b>	<u>618,502</u>	<u>125,500</u>	<u>744,002</u>
<b>OPERATING EXPENSES:</b>			
Administrative and general	366,916	141,584	508,500
Depreciation	<u>113,168</u>	<u>10,370</u>	<u>123,538</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>480,084</u>	<u>151,954</u>	<u>632,038</u>
<b>OPERATING INCOME (LOSS)</b>	<u>138,418</u>	<u>(26,454)</u>	<u>111,964</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	235	722	957
Gain (loss) on sale of assets	-	-	-
Interest expense	<u>(4,711)</u>	<u>(381)</u>	<u>(5,092)</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(4,476)</u>	<u>341</u>	<u>(4,135)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>133,942</u>	<u>(26,113)</u>	<u>107,829</u>
Federal grant for capital assets	-	-	-
Transfers in	224,920	131,446	356,366
Transfers (out)	<u>(40,748)</u>	<u>(131,446)</u>	<u>(172,194)</u>
<b>CHANGE IN NET POSITION</b>	318,114	(26,113)	292,001
Net position, beginning of year	<u>681,572</u>	<u>246,294</u>	<u>927,866</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 999,686</u>	<u>\$ 220,181</u>	<u>\$ 1,219,867</u>

City of Munising, Michigan

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2025

	Motor Pool Fund	Municipal Building Authority Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from fees and charges for services	\$ 607,743	\$ 125,500	\$ 733,243
Other operating revenues	6,013	-	6,013
Cash payments to employees for services	(133,773)	(38,483)	(172,256)
Cash payments to suppliers for goods and services	(75,596)	(102,867)	(178,463)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>404,387</b>	<b>(15,850)</b>	<b>388,537</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Increase (decrease) in cash overdraft	-	-	-
(Increase) decrease in due from other funds	(161,440)	-	(161,440)
Increase (decrease) in advance from other funds	(1,000)	(400)	(1,400)
Payments from (to) other funds	184,172	-	184,172
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>21,732</b>	<b>(400)</b>	<b>21,332</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(288,311)	-	(288,311)
Federal grants for capital assets	-	-	-
Net book value of asset disposals	844	-	844
Proceeds from sale of capital assets	-	-	-
Net proceeds from borrowings	-	-	-
Principal payments on revenue bonds and notes payable	(46,100)	(3,040)	(49,140)
Interest paid on revenue bonds and notes payable	(4,711)	(381)	(5,092)
<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(338,278)</b>	<b>(3,421)</b>	<b>(341,699)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	235	722	957
(Increase) decrease in restricted assets - net	-	-	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>235</b>	<b>722</b>	<b>957</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	88,076	(18,949)	69,127
Cash and cash equivalents, beginning of year	3,043	103,882	106,925
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 91,119</b>	<b>\$ 84,933</b>	<b>\$ 176,052</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 138,418	\$ (26,454)	\$ 111,964
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	113,168	10,370	123,538
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(4,746)	-	(4,746)
(Increase) decrease in prepaid expenses	(173)	-	(173)
Increase (decrease) in accounts payable	164,174	-	164,174
Increase (decrease) in accrued salaries	477	234	711
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in employee benefits	7,325	-	7,325
Increase (decrease) in net pension and related	(14,256)	-	(14,256)
<b>NET ADJUSTMENTS</b>	<b>265,969</b>	<b>10,604</b>	<b>276,573</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 404,387</b>	<b>\$ (15,850)</b>	<b>\$ 388,537</b>

**THIS PAGE WAS LEFT BLANK INTENTIONALLY**

City of Munising, Michigan

MOTOR POOL FUND

STATEMENT OF NET POSITION

June 30, 2025

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 91,119
Accounts receivable	4,746
Due from other funds	161,440
Prepaid expenses	1,439
Non-current Assets:	
Capital Assets:	
Land and construction in progress	147,453
Other capital assets, net	<u>1,089,599</u>
<b>TOTAL ASSETS</b>	<u>1,495,796</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources related to pension	6,269
Employer contributions subsequent to measurement date	<u>16,399</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>22,668</u>

**LIABILITIES**

Current Liabilities:	
Accounts payable	164,174
Accrued salaries	2,771
Long-term Liabilities:	
Portion due or payable within one year:	
Bonds payable	6,600
Notes payable	12,250
Advance from component unit	1,250
Employee benefits	5,610
Portion due or payable after one year:	
Bonds payable	27,200
Notes payable	114,750
Advance from component unit	5,000
Employee benefits	4,029
Net pension liability	<u>167,381</u>
<b>TOTAL LIABILITIES</b>	<u>511,015</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources related to pension	<u>7,763</u>
--	--------------

**NET POSITION**

Net investment in capital assets	1,070,002
Unrestricted	<u>(70,316)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 999,686</u>

**City of Munising, Michigan**

MOTOR POOL FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>			
Rents and royalties	\$ 797,700	\$ 612,489	\$ (185,211)
Other operating revenue	1,275	6,013	4,738
<b>TOTAL OPERATING REVENUES</b>	<u>798,975</u>	<u>618,502</u>	<u>(180,473)</u>
<b>OPERATING EXPENSES:</b>			
Administrative and General:			
Personal services	145,800	127,319	18,481
Supplies	82,800	79,023	3,777
Professional services	12,500	11,693	807
Other services and charges	706,400	125,011	581,389
Building and equipment rental	23,870	23,870	-
Depreciation	105,900	113,168	(7,268)
<b>TOTAL OPERATING EXPENSES</b>	<u>1,077,270</u>	<u>480,084</u>	<u>597,186</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(278,295)</u>	<u>138,418</u>	<u>416,713</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	200	235	35
Interest expense	(3,759)	(4,711)	(952)
Gain (loss) on sale of assets	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(3,559)</u>	<u>(4,476)</u>	<u>(917)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(281,854)</u>	<u>133,942</u>	<u>415,796</u>
Federal grant for capital assets	-	-	-
Transfers in	365,100	224,920	(140,180)
Transfers (out)	(50,327)	(40,748)	9,579
<b>CHANGE IN NET POSITION</b>	32,919	318,114	285,195
Net position, beginning of year	681,572	681,572	-
<b>NET POSITION, END OF YEAR</b>	<u>\$ 714,491</u>	<u>\$ 999,686</u>	<u>\$ 285,195</u>

**City of Munising, Michigan**  
**MUNICIPAL BUILDING AUTHORITY FUND**  
**STATEMENT OF NET POSITION**

June 30, 2025

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 84,933
Accounts receivable	-
Prepaid expenses	-
Non-current Assets:	
Restricted Assets:	
ARPA	-
Capital Assets:	
Land and construction in progress	20,000
Other capital assets, net	133,654
	238,587
<b>TOTAL ASSETS</b>	<b>238,587</b>

**DEFERRED OUTFLOWS OF RESOURCES**

-

**LIABILITIES**

Current Liabilities:	
Accounts payable	-
Accrued salaries	386
Unearned revenue	-
Long-term Liabilities:	
Portion due or payable within one year:	
Bonds payable	2,640
Notes payable	500
Advance from component unit	500
Employee benefits	-
Portion due or payable after one year:	
Bonds payable	10,880
Notes payable	1,500
Advance from component unit	2,000
Employee benefits	-
	18,406
<b>TOTAL LIABILITIES</b>	<b>18,406</b>

**DEFERRED INFLOWS OF RESOURCES**

-

**NET POSITION**

Net investment in capital assets	135,634
Unrestricted	84,547
	220,181
<b>TOTAL NET POSITION</b>	<b>\$ 220,181</b>

**City of Munising, Michigan**

MUNICIPAL BUILDING AUTHORITY FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>			
Rents and royalties	\$ 125,500	\$ 125,500	\$ -
Other operating revenue	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<u>125,500</u>	<u>125,500</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>			
Administrative and General:			
Personal services	39,550	38,717	833
Supplies	4,500	4,271	229
Professional services	17,750	18,172	(422)
Other services and charges	88,000	67,660	20,340
Building and equipment rental	15,000	12,764	2,236
Depreciation expense	2,100	10,370	(8,270)
<b>TOTAL OPERATING EXPENSES</b>	<u>166,900</u>	<u>151,954</u>	<u>14,946</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(41,400)</u>	<u>(26,454)</u>	<u>14,946</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	700	722	22
Interest expense	-	(381)	(381)
Gain (loss) on sale of assets	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>700</u>	<u>341</u>	<u>(359)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(40,700)</u>	<u>(26,113)</u>	<u>14,587</u>
Transfers in	131,447	131,446	(1)
Transfers (out)	(135,277)	(131,446)	3,831
<b>CHANGE IN NET POSITION</b>	<u>(44,530)</u>	<u>(26,113)</u>	<u>18,417</u>
Net position, beginning of year	<u>246,294</u>	<u>246,294</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 201,764</u></u>	<u><u>\$ 220,181</u></u>	<u><u>\$ 18,417</u></u>

## COMPLIANCE SECTION



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

To the City Commission of the  
City of Munising, Michigan  
301 E. Superior Street  
Munising, Michigan 49862

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Munising, Michigan (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2025. Our report includes a reference to other auditors who audited the financial statements of Munising Housing Commission, as described in our report on the City'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 a separately by those auditors.

### **Report on Internal Control over Financial Reporting**

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

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

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

To the City Commission of the  
City of Munising, Michigan

identified certain deficiencies in internal control, described in the accompanying Report to Management as item 2025-001 that we consider to be significant deficiencies.

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

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

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

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

### **Purpose of This Report**

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

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

December 30, 2025

## COMMUNICATIONS SECTION



***City of Munising, Michigan***  
***Report to Management***  
***For the Year Ended June 30, 2025***

To the City Commission and Management of the  
City of Munising, Michigan  
301 E. Superior Street  
Munising, Michigan 49862

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Munising, Michigan (the City) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

To the City Commission and Management of the  
City of Munising, Michigan

**SIGNIFICANT DEFICIENCIES**

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

**Condition:** The City has engaged us to assist with the preparation of the financial statements and footnotes required in the annual audit report to ensure the financial statements are in accordance with GAAP

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

**Cause of Condition:** The staff of the City does not have adequate staffing to prepare all the information included in the annual financial statements.

**Effect:** Written communication is required by professional standards.

**Recommendation:** We do not recommend any changes to this situation at this time.

**Management Response:** See separate Corrective Action Plan

**INSTANCES OF NON-COMPLIANCE**

**2025-002 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621) (REPEAT)**

**Condition:** The City’s actual expenditures and budgeted expenditures for the Governmental Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended June 30, 2025, the City incurred functional expenditures which were in excess of the amounts appropriated as enumerated upon in the notes to the financial statements.

**Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated.

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

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

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

**Management Response:** See separate Corrective Action Plan

~ ~ ~ ~ ~

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

To the City Commission and Management of the  
City of Munising, Michigan

This communication is intended solely for the information and use of management, the City Commission, others within the City, and governmental oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

December 30, 2025



# CITY OF MUNISING, MICHIGAN

301 EAST SUPERIOR STREET • MUNISING, MICHIGAN 49862

CITY MANAGER  
PHONE (906) 387-2095

CITY CLERK  
PHONE (906) 387-2246  
FAX (906) 387-4512

*Corrective Action Plan*  
For the Fiscal Year June 30, 2025

December 30, 2025

In response to the findings disclosed in the audited financial statements for the year ended June 30, 2025:

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

**Corrective Action Plan:**

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

**Contact Person(s) Responsible for Correction:**

Michelle Harrison, City Manager

**Anticipated Completion Date:**

Not applicable

**2025-002 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621) (REPEAT)**

**Corrective Action Plan:**

The budget will be more closely monitored and budget amendments made accordingly.

**Contact Person(s) Responsible for Correction:**

Michelle Harrison, City Manager  
Kirsten Seaberg, Treasurer

**Anticipated Completion Date:**

June 30, 2026

THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER, AND EMPLOYER

**"A GREAT PLACE TO BE"**



***City of Munising, Michigan***  
***Communication with Those Charged with Governance***  
***For the Year Ended June 30, 2025***

December 30, 2025

To the City Commission of the  
City of Munising, Michigan  
301 E. Superior Street  
Munising, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Munising, Michigan (the City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 7, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. As described in Note R to the financial statements, the City changed accounting policies related to Compensated Absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, Compensated Absences, in fiscal year 2025. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimates of the City's intangible right-to-use lease assets (and amortization thereof) and lease liabilities are based on amounts disclosed in the

leasing documents. The City uses the straight-line method for amortizing the intangible right-to-use lease assets. We evaluated the methods, assumptions, and data used to record the leased assets, accumulated amortization of such assets and the amortization expense of said assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the lease receivable (and the corresponding deferred inflows amounts on leases) is based on the present value of the future lease payments to be received discounted by the City's incremental borrowing rate assumed to be 2.86%. We evaluated the methods, assumptions, and data used to develop the amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accumulated depreciation and depreciation expense is based on historical costs and useful lives of the assets. Depreciation is calculated using the straight-line method. We evaluated the methods, assumptions, and data used to develop the current years depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

Management's estimate of the City's deferred gain and/or loss on refunding is based on amounts disclosed in the bond closing documents and the requirements of GASB 7 or GASB 23, as applicable. We evaluated the methods, assumptions, and data used to record the gains and/or losses on refunding (and the amortization thereof), based on information provided by the bonding counsel, in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the City's premiums on bonds (and amortization thereof) is based on amounts disclosed in the bond closing documents. We evaluated the methods, assumptions, and data used to record the premiums on bonds, based on information provided by the bonding counsel, 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 disclosure affecting the financial statements was:

To the City Commission of the  
City of Munising, Michigan

The disclosures of the City's defeased bonds include significant amounts as reported in the notes to the financial statements. Disclosures related to the defeasance of debt reported in the general long-term debt account group are made in accordance with GASB 7, including reporting 1) gain or loss on refunding, 2) balance of defeased bonds as of the end of the fiscal year, and 3) economic gain or loss. Disclosures related to the defeasance of debt reported in proprietary funds are made in accordance with GASB 23, including 1) gain or loss on refunding, 2) balance of defeased bonds as of the end of the fiscal year, and 3) economic gain or loss.

The disclosure of the City's Defined Benefit Pension Plan includes significant actuarial assumptions used in calculating the valuation. Gabriel Roeder Smith was the actuarial company hired by the Retirement Board of the Municipal Employees' Retirement System of Michigan (MERS) for preparation of the annual actuarial valuation. A full listing of the actuarial assumptions used can be found MERS' Comprehensive Annual Financial Report of the Fiscal Year Ended December 31, 2024.

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

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

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 30, 2025.

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

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional

To the City Commission of the  
City of Munising, Michigan

standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

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

Our consideration of internal control was for the limited purpose described in a separate letter and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Report to Management as item 2025-001 that we consider to be a significant deficiency.

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

#### *Matters Disclosed by Component Auditor*

There were no matters brought to our attention by the component auditor for the Munising Housing Commission for the year ended December 31, 2024.

#### *Upcoming Changes in Accounting Standards*

The Governmental Accounting Standards Board (GASB) has released pronouncements that may be applicable to the City in the future. We encourage management to review the information included in the Attachment and determine which pronouncements, if any, may be applicable to the City in the future.

#### Other Matters

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

We were engaged to report on the other supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this

To the City Commission of the  
City of Munising, Michigan

supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

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

To the City Commission of the  
City of Munising, Michigan

## **ATTACHMENT – UPCOMING GASB STANDARDS**

For the Year Ended June 30, 2025

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

### GASB 103: Financial Reporting Model Improvements

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

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

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

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

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

To the City Commission of the  
City of Munising, Michigan

## **ATTACHMENT – UPCOMING GASB STANDARDS**

For the Year Ended June 30, 2025

relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

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

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

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

### GASB 104: Disclosure of Certain Capital Assets

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

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

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