

CITY OF LUDINGTON

Mason County, Michigan

FINANCIAL STATEMENTS

December 31, 2024

CITY OF LUDINGTON

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances.....	18
Reconciliation of Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities.....	19
Proprietary Funds:	
Statement of Net Position.....	20
Statement of Revenues, Expenses and Changes in Fund Net Position.....	24
Statement of Cash Flows.....	28
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	32
Statement of Changes in Fiduciary Net Position.....	33
Notes to Financial Statements	35
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Changes in the City's General (MERS) Net Pension Liability and Related Ratios.....	69
Schedule of Changes in the City's Police Net Pension Liability and Related Ratios.....	71
Schedule of City General (MERS) Defined Benefit Pension Contributions.....	73
Schedule of City Police Defined Benefit Pension Contributions.....	75
Schedule of City Police Defined Benefit Investment Returns.....	76
Schedules of Changes in the City's Net OPEB Liability and Related Ratios.....	77
Schedule of City OPEB Contributions.....	78
Schedule of City OPEB Investment Returns.....	79
Budgetary Comparison Schedule – General Fund.....	80
Budgetary Comparison Schedule – Major Street Fund.....	82
SUPPLEMENTARY INFORMATION:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	87
Internal Service Funds:	
Combining Statement of Net Position.....	90
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	91
Combining Statement of Cash Flows.....	92

TABLE OF CONTENTS, CONTINUED

	PAGE
<i>Fiduciary Funds – Pension (and Other Postemployment Benefit) Trust Funds:</i>	
Combining Statement of Fiduciary Net Position.....	93
Combining Statement of Changes in Fiduciary Net Position.....	94
<i>Fiduciary Funds – Custodial Funds:</i>	
Combining Statement of Fiduciary Net Position.....	95
Combining Statement of Changes in Fiduciary Net Position.....	96
<i>Component Unit:</i>	
Balance Sheet.....	97
Statement of Revenues, Expenditures and Changes in Fund Balances.....	98
<i>Schedules of Indebtedness</i>	99
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Ludington, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ludington as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in Note 19 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences. Our opinion is not modified with respect to this matter.

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 of Ludington'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.

To the Honorable Mayor and Members of City Council
City of Ludington, Michigan

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on 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 of Ludington'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 of Ludington's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-10), schedules of pension and OPEB liability changes, contributions and investment return (pages 69-79) and budgetary comparison information (pages 80-82) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and Members of City Council
City of Ludington, Michigan

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ludington's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents, 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 April 29, 2025 on our consideration of the City of Ludington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ludington'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 of Ludington's internal control over financial reporting and compliance.

Berthiaume & Co.

Saginaw, Michigan
April 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

As management of the City of Ludington (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The City's combined total net position is reported as \$36,499,982 for the year ended December 31, 2024, compared to \$36,790,329 (restated) for the year ended December 31, 2023.
- In the City's governmental activities, revenues generated were \$9,742,974 while expenses totaled \$10,326,657.
- In the City's business-type activities, revenues generated were \$8,969,399 while expenses totaled \$8,681,163.
- Total net position decreased by \$290,347.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflows and inflows, with the difference between these reported as net position. The *statement of activities* presents all of the City's revenues and expenses and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of the City of Ludington are divided into three categories:

Governmental Activities – Most of the City's basic services are included here, such as the public safety, public works, recreation departments, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water treatment/distribution, wastewater collection/treatment, marinas and park campground.

Component Unit – The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate entity of the *Downtown Development Authority* for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements:

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

The City has three types of funds:

Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The City maintains twelve (12) individual governmental funds. Separate information is presented for the General Fund and Major Street Fund, which are considered "major" funds. Data from the other ten (10) governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the City charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows. The City's enterprise funds are the Sewer Fund, Water Fund, Municipal Marina Fund, Cartier Park Campground Fund and Harbor View Marina Fund.
- Internal service funds are used to report activities that provide supplies and services to the City's other programs. The City's internal service funds are the Motor Pool Fund and Technology Fund.

Fiduciary Funds – Fiduciary funds are used to account for the resources held in a fiduciary capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF LUDINGTON AS A WHOLE:

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Ludington, assets and deferred outflows exceeded liabilities and deferred inflows by \$36,499,982 at the close of the most recent calendar year, which is a decrease of \$290,347.

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

The City is able to report positive balances in two categories of net position, (net investment in capital assets and restricted) for the government as a whole. Unrestricted net position is a deficit balance in the governmental activities due to the inclusion of net pension and net OPEB liabilities in the financial statement.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2024</i>	<i>Restated 2023</i>	<i>2024</i>	<i>Restated 2023</i>	<i>2024</i>	<i>Restated 2023</i>
Assets:						
Current and other assets	\$ 10,092,832	\$ 10,409,462	\$ 5,285,541	\$ 6,023,810	\$ 15,378,373	\$ 16,433,272
Capital assets, net	17,736,545	17,529,894	58,249,331	57,868,151	75,985,876	75,398,045
Leases receivable	-	-	443,007	540,182	443,007	540,182
Total assets	<u>27,829,377</u>	<u>27,939,356</u>	<u>63,977,879</u>	<u>64,432,143</u>	<u>91,807,256</u>	<u>92,371,499</u>
Deferred outflows of resources	<u>1,282,712</u>	<u>2,143,108</u>	<u>385,027</u>	<u>590,827</u>	<u>1,667,739</u>	<u>2,733,935</u>
Liabilities:						
Other liabilities	614,746	732,465	785,541	955,937	1,400,287	1,688,402
Long-term liabilities	<u>9,886,266</u>	<u>10,408,646</u>	<u>39,760,618</u>	<u>40,676,585</u>	<u>49,646,884</u>	<u>51,085,231</u>
Total liabilities	<u>10,501,012</u>	<u>11,141,111</u>	<u>40,546,159</u>	<u>41,632,522</u>	<u>51,047,171</u>	<u>52,773,633</u>
Deferred inflows of resources	<u>5,475,406</u>	<u>5,006,099</u>	<u>452,436</u>	<u>535,373</u>	<u>5,927,842</u>	<u>5,541,472</u>
Net position:						
Net investment in capital assets	16,621,308	16,376,374	21,633,331	20,830,151	38,254,639	37,206,525
Restricted	1,317,972	1,864,554	1,999,287	1,744,842	3,317,259	3,609,396
Unrestricted (deficit)	<u>(4,803,609)</u>	<u>(4,305,674)</u>	<u>(268,307)</u>	<u>280,082</u>	<u>(5,071,916)</u>	<u>(4,025,592)</u>
Total net position	<u>\$ 13,135,671</u>	<u>\$ 13,935,254</u>	<u>\$ 23,364,311</u>	<u>\$ 22,855,075</u>	<u>\$ 36,499,982</u>	<u>\$ 36,790,329</u>

By far the largest portion of the City's net position, \$38,254,639, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, utility systems and infrastructure), less any related outstanding debt used to acquire those assets. As the City uses capital assets to provide services to citizens, these assets are generally not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources. An additional portion, \$3,317,259 of the City's net position represents resources that are restricted, meaning they are subject to external restrictions on how they may be used. The remaining balance, unrestricted net position, is a deficit of \$5,071,916.

The following table shows comparison of the change in net position in a condensed format for the years ended December 31, 2024 and 2023:

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2024</i>	<i>Restated 2023</i>	<i>2024</i>	<i>Restated 2023</i>	<i>2024</i>	<i>Restated 2023</i>
Revenues:						
Program revenues						
Charges for services	\$ 1,041,491	\$ 1,178,251	\$ 8,705,508	\$ 8,298,974	\$ 9,746,999	\$ 9,477,225
Operating grants	1,741,864	1,620,544	22,720	44,539	1,764,584	1,665,083
Capital grants	91,021	-	111,200	757,139	202,221	757,139
General revenues						
Property taxes	4,557,255	4,207,936	-	-	4,557,255	4,207,936
Franchise fees	73,420	80,558	-	-	73,420	80,558
Unrestricted grants	1,891,949	2,016,178	-	-	1,891,949	2,016,178
Investment earnings	301,146	198,503	129,971	120,807	431,117	319,310
Other	44,828	46,777	-	-	44,828	46,777
Total revenues	<u>9,742,974</u>	<u>9,348,747</u>	<u>8,969,399</u>	<u>9,221,459</u>	<u>18,712,373</u>	<u>18,570,206</u>
Expenses:						
General government	2,153,068	2,080,218	-	-	2,153,068	2,080,218
Public safety	3,056,305	2,622,388	-	-	3,056,305	2,622,388
Public works	3,518,182	3,547,906	-	-	3,518,182	3,547,906
Health and welfare	321,835	291,177	-	-	321,835	291,177
Community and economic development	184,896	227,973	-	-	184,896	227,973
Recreation and culture	1,024,166	1,138,739	-	-	1,024,166	1,138,739
Interest on long-term debt	68,205	36,602	-	-	68,205	36,602
Sewer	-	-	3,460,157	3,489,082	3,460,157	3,489,082
Water	-	-	3,002,857	2,901,229	3,002,857	2,901,229
Municipal Marina	-	-	897,550	944,259	897,550	944,259
Cartier Park Campground	-	-	331,950	341,831	331,950	341,831
Harbor View Marina	-	-	988,649	939,424	988,649	939,424
Total expenses	<u>10,326,657</u>	<u>9,945,003</u>	<u>8,681,163</u>	<u>8,615,825</u>	<u>19,007,820</u>	<u>18,560,828</u>
Excess of revenues over expenses before other items	<u>(583,683)</u>	<u>(596,256)</u>	<u>288,236</u>	<u>605,634</u>	<u>(295,447)</u>	<u>9,378</u>
Other items:						
Sale of capital assets	5,100	69,673	-	-	5,100	69,673
Transfers	<u>(221,000)</u>	<u>-</u>	<u>221,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other items	<u>(215,900)</u>	<u>69,673</u>	<u>221,000</u>	<u>-</u>	<u>5,100</u>	<u>69,673</u>
Changes in net position	(799,583)	(526,583)	509,236	605,634	(290,347)	79,051
Net position, beginning of year, restated	<u>13,935,254</u>	<u>14,461,837</u>	<u>22,855,075</u>	<u>22,249,441</u>	<u>36,790,329</u>	<u>36,711,278</u>
Net position, end of year	<u>\$ 13,135,671</u>	<u>\$ 13,935,254</u>	<u>\$ 23,364,311</u>	<u>\$ 22,855,075</u>	<u>\$ 36,499,982</u>	<u>\$ 36,790,329</u>

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

Governmental activities. Total governmental revenue is reported at approximately \$9.7 million, an increase of \$394,727 from the prior year, due mainly to increases in property taxes and investment earnings. Both operating and capital grants increased while charges for services and unrestricted grants decreased. Total expenses increased \$381,654; however, there were few significant line item changes.

Business-type activities. Business-type revenue is reported at approximately \$8.9 million. Revenue from user fees were approximately \$406,000 higher than prior year, however, operating and capital grants were lower than prior year by approximately \$667,000. Total expenses remained fairly stable; only increasing \$65,338.

CITY OF LUDINGTON'S FUNDS:

Presentation of the City of Ludington's major funds and nonmajor funds begins on page 17, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the City's largest governmental fund and the one of two governmental funds that meets the criteria to be reported as a major fund. It pays for most of the City's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended December 31, 2024, General Fund financing uses exceeded its financing sources by \$46,976, decreasing its ending fund balance to \$2,266,446. The City's second major governmental fund, the Major Street Fund, decreased its ending fund balance by \$348,126.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a decrease in fund balance of \$212,400. At year end, actual revenue from all sources was \$239,472 less than budget, mostly due to federal grants being less than anticipated. Actual expenditures at year end were \$613,677 less than budget.

Capital Assets and Debt Administration:

At December 31, 2024, the City of Ludington had \$75,985,876 invested in capital assets including land, buildings, equipment, land improvements, water and sewer lines and other infrastructure, net of accumulated depreciation. At December 31, 2023, this total was \$75,398,045 (restated). There were significant acquisitions in both the governmental activities and business-type activities. Additional information about the City's capital assets is presented in Note 1 and Note 6 of the Notes to the Financial Statements.

At December 31, 2024, the City of Ludington's total long-term indebtedness (not including liabilities for compensated absences payable, net pension liability, and net OPEB liability) was \$37,066,237, of which \$1,115,237 was backed by the full faith and credit of the City and the remaining \$35,951,000 is backed solely by specified revenue sources. Additional information about the City's indebtedness is presented in Note 7 of the Notes to the Financial Statements.

Economic Factors:

Despite ongoing financial pressures - including aging infrastructure, rising pension liabilities, and increasing healthcare costs - the City remains in a relatively strong fiscal position. All City funds continue to maintain positive fund balances, reflecting prudent fiscal management and long-term planning. In addition, property values have continued to rise, a sign of the City's resilient and attractive local economy. While this growth provides modest increases in revenue, it is not sufficient on its own to meet the City's long-term financial obligations and infrastructure investment needs. The adopted 2025 budget includes a planned use of \$157,100 from the General Fund balance, while maintaining the City's target of a 25% fund balance reserve.

CITY OF LUDINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

To ensure continued fiscal responsibility, the City has again completed a three-year financial projection through 2027. This tool is critical in monitoring trends that may impact revenues, expenditures, and City operations over time. Additionally, new budget monitoring procedures have been implemented to improve oversight of both revenues and costs. These improvements are part of a larger strategy to preserve and strengthen the City's long-term financial health. In 2025, management will prioritize the following budget areas to address known fiscal concerns:

Water and Sewer Fund

- **Sludge Pond Closure:** The City anticipates the need to cap and close the existing sludge ponds. Guidance is currently pending from the Michigan Department of Environment, Great Lakes, and Energy (EGLE). In the interim, the City is proactively pursuing grant opportunities and exploring additional revenue sources to offset these costs.
- **Rate Increases:** To support ongoing operations, capital investments, debt service, and depreciation, the City has implemented and will continue to evaluate increases in water and sewer rates and readiness-to-serve charges. In relation to this, a comprehensive water and sewer rate study will be completed in 2025 to guide future utility rate planning and ensure long-term sustainability.
- **Street Infrastructure Funding:** A significant long-term challenge remains in identifying funding for the reconstruction and maintenance of City streets. The City will continue to seek external funding opportunities to support these essential projects.

General Fund

- **Healthcare Costs:** Healthcare remains one of the most volatile components of personnel costs. The City's current contract includes a two-year rate guarantee, which expires at the end of 2025. Management has initiated discussions with benefit coordinators to evaluate alternative health plan options that may offer cost savings beginning in 2026.
- **Pension Liabilities:** Pension obligations continue to increase due to rising retirement benefit costs and actuarial calculations. The City remains committed to fulfilling its obligations while exploring ways to manage the long-term impact on the General Fund.
- **Cost-Saving and Revenue-Generating Opportunities:** Management has identified potential strategies to reduce costs and increase revenue. These will be reviewed with the Finance Committee prior to the 2026 budget process. Viable options will be presented to City Council for consideration.

Strategic Planning and Community Engagement

The City has successfully completed its **5-year strategic planning process** and is committed to continued collaboration with residents, businesses, and stakeholders to prioritize community goals. This strategic framework will guide future investments and policy decisions, ensuring alignment with long-term objectives and the evolving needs of the community.

Conclusion

Management is committed to transparency, sound financial stewardship, and aligning fiscal decisions with the City's strategic priorities. Through disciplined budgeting, pursuit of external funding opportunities, and a willingness to adapt, the City is well-positioned to navigate future uncertainties while continuing to invest in essential services and infrastructure. Ongoing collaboration between City leadership, staff, elected officials, and the community will be critical to ensuring the City's continued financial health and its ability to meet the evolving needs of residents.

Contacting the City's Financial Management:

If you have questions about this report or need additional financial information, contact City Clerk, 400 S. Harrison Street, Ludington, Michigan 49431.

BASIC FINANCIAL STATEMENTS

CITY OF LUDINGTON

STATEMENT OF NET POSITION

December 31, 2024

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 4,588,334	\$ 1,311,562	\$ 5,899,896	\$ 507,547
Investments	3,547,632	-	3,547,632	-
Receivables	843,268	1,625,207	2,468,475	2,075
Internal balances	756,407	(756,407)	-	-
Inventory	231,429	317,444	548,873	-
Prepaid expenses	125,762	61,443	187,205	500
Restricted cash and cash equivalents	-	2,726,292	2,726,292	-
Capital assets not being depreciated	213,254	925,007	1,138,261	32,916
Capital assets being depreciated, net	17,523,291	57,324,324	74,847,615	2,109,753
Leases receivable	-	443,007	443,007	-
Total assets	27,829,377	63,977,879	91,807,256	2,652,791
Deferred outflows of resources:				
Related to pension - General (MERS)	569,014	385,027	954,041	-
Related to pension - Police	713,630	-	713,630	-
Related to OPEB	68	-	68	-
	1,282,712	385,027	1,667,739	-
Liabilities:				
Accounts payable and accrued expenses	440,651	391,810	832,461	8,277
Unearned revenue	174,095	393,731	567,826	63,484
Long-term liabilities:				
Due within one year				
Current portion of lease payable	21,046	-	21,046	-
Current portion of long-term debt	19,000	838,000	857,000	-
Due in more than one year				
Long-term debt	1,021,000	35,113,000	36,134,000	-
Leases payable	54,191	-	54,191	-
Compensated absences payable	460,157	214,458	674,615	-
Net pension liability - General (MERS)	5,262,061	3,595,160	8,857,221	-
Net pension liability - Police	2,590,076	-	2,590,076	-
Net OPEB liability	458,735	-	458,735	-
Total liabilities	10,501,012	40,546,159	51,047,171	71,761
Deferred inflows of resources:				
Unavailable revenue - property taxes	5,181,600	-	5,181,600	142,726
Related to pension - General (MERS)	41,131	29,773	70,904	-
Related to pension - Police	252,675	-	252,675	-
Related to leases	-	422,663	422,663	-
Total deferred inflow of resources	5,475,406	452,436	5,927,842	142,726

continued

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

CITY OF LUDINGTON

STATEMENT OF NET POSITION, CONTINUED

December 31, 2024

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Net position:				
Net investment in capital assets	16,621,308	21,633,331	38,254,639	2,142,669
Restricted for:				
Bond and RRI reserve	-	1,999,287	1,999,287	-
Capital projects	22,055	-	22,055	-
Cemetery capital improvements	355,541	-	355,541	-
Downtown building rehab	91,293	-	91,293	-
Recreation activities	36,385	-	36,385	-
Rental inspection	127,251	-	127,251	-
Senior center activities	195,917	-	195,917	-
Site assessment	10	-	10	-
State construction code activities	29,113	-	29,113	-
Streets	409,675	-	409,675	-
Tree maintenance	50,732	-	50,732	-
Unrestricted (deficit)	<u>(4,803,609)</u>	<u>(268,307)</u>	<u>(5,071,916)</u>	<u>295,635</u>
Total net position	<u>\$ 13,135,671</u>	<u>\$ 23,364,311</u>	<u>\$ 36,499,982</u>	<u>\$ 2,438,304</u>

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

CITY OF LUDINGTON

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 2,153,068	\$ 404,638	\$ 2,494	\$ -	\$ (1,745,936)
Public safety	3,056,305	247,726	136,066	91,021	(2,581,492)
Public works	3,518,182	239,263	1,296,235	-	(1,982,684)
Health and welfare	321,835	56,289	285,780	-	20,234
Community and economic development	184,896	4,500	-	-	(180,396)
Recreation and culture	1,024,166	89,075	21,289	-	(913,802)
Interest on long-term debt	68,205	-	-	-	(68,205)
Total governmental activities	<u>10,326,657</u>	<u>1,041,491</u>	<u>1,741,864</u>	<u>91,021</u>	<u>(7,452,281)</u>
<i>Business-type activities:</i>					
Sewer	3,460,157	2,895,884	1,558	-	(562,715)
Water	3,002,857	3,292,945	19,061	33,136	342,285
Cartier Park Campground	331,950	404,169	2,101	-	74,320
Municipal Marina	897,550	1,002,496	-	78,064	183,010
Harbor View Marina	988,649	1,110,014	-	-	121,365
Total business-type activities	<u>8,681,163</u>	<u>8,705,508</u>	<u>22,720</u>	<u>111,200</u>	<u>158,265</u>
Total primary government	<u>\$ 19,007,820</u>	<u>\$ 9,746,999</u>	<u>\$ 1,764,584</u>	<u>\$ 202,221</u>	<u>\$ (7,294,016)</u>
COMPONENT UNIT:					
Downtown development authority	<u>\$ 243,484</u>	<u>\$ 6,049</u>	<u>\$ 72,289</u>	<u>\$ -</u>	<u>\$ (165,146)</u>

continued

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

CITY OF LUDINGTON

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended December 31, 2024

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (7,452,281)	\$ 158,265	\$ (7,294,016)	\$ (165,146)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	4,453,749	-	4,453,749	-
Property taxes, levied and captured by DDA	-	-	-	121,499
Payment in lieu of taxes	103,506	-	103,506	-
Franchise fees	73,420	-	73,420	-
Grants and contributions not restricted to specific programs	1,891,949	-	1,891,949	11,960
Unrestricted investment earnings	301,146	129,971	431,117	10,240
Other	44,828	-	44,828	828
Special item - Gain (loss) on sale of capital asset	5,100	-	5,100	-
Transfers	(221,000)	221,000	-	-
Total general revenues, special item and transfers	6,652,698	350,971	7,003,669	144,527
Changes in net position	(799,583)	509,236	(290,347)	(20,619)
Net position, beginning of year, as previously stated	14,221,247	22,988,987	37,210,234	2,458,923
Adjustment for change in accounting principle	(271,220)	(133,912)	(405,132)	-
Error correction	(14,773)	-	(14,773)	-
Net position, beginning of year, as restated	13,935,254	22,855,075	36,790,329	2,458,923
Net position, end of year	\$ 13,135,671	\$ 23,364,311	\$ 36,499,982	\$ 2,438,304

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

CITY OF LUDINGTON

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2024

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 3,211,359	\$ -	\$ 1,096,598	\$ 4,307,957
Investments	3,547,632	-	-	3,547,632
Taxes receivable	254,326	-	-	254,326
Accounts receivable	101,442	900	15,808	118,150
Special assessments receivable	20,538	-	-	20,538
Accrued interest receivable	4,237	-	1,700	5,937
Due from other governments	217,250	160,257	64,112	441,619
Due from other funds	72,055	-	-	72,055
Inventory	28,013	95,667	-	123,680
Prepaid expenditures	73,045	132	5,536	78,713
Advance receivable from other fund	400,000	-	-	400,000
Total assets	<u>\$ 7,929,897</u>	<u>\$ 256,956</u>	<u>\$ 1,183,754</u>	<u>\$ 9,370,607</u>
Liabilities:				
Accounts payable	\$ 174,975	\$ 48,456	\$ 6,983	\$ 230,414
Accrued expenses	-	-	2,054	2,054
Due to other funds	-	72,055	-	72,055
Due to other governments	-	-	1,860	1,860
Deposits payable	3,409	-	127	3,536
Accrued wages payable	133,865	2,474	13,349	149,688
Unearned revenue	169,602	-	4,493	174,095
Total liabilities	<u>481,851</u>	<u>122,985</u>	<u>28,866</u>	<u>633,702</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	5,181,600	-	-	5,181,600
Fund balances:				
Nonspendable	121,596	95,799	5,536	222,931
Restricted	29,113	38,172	1,149,352	1,216,637
Committed	54,637	-	-	54,637
Assigned	99,081	-	-	99,081
Unassigned	1,962,019	-	-	1,962,019
Total fund balances	<u>2,266,446</u>	<u>133,971</u>	<u>1,154,888</u>	<u>3,555,305</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,929,897</u>	<u>\$ 256,956</u>	<u>\$ 1,183,754</u>	<u>\$ 9,370,607</u>

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

CITY OF LUDINGTON

RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2024

Fund balances of governmental funds	\$ 3,555,305
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	209,004
Capital assets being depreciated and amortized, net	14,804,291
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability - General (MERS)	(4,761,821)
Net pension liability - Police	(2,590,076)
Deferred pension amounts - General (MERS)	475,665
Deferred pension amounts - Police	460,955
Certain OPEB-related amounts, such as the net OPEB liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net OPEB liability	(458,735)
Deferred OPEB amounts	68
Interest payable in the governmental activities is not payable from current financial resources and therefore is not reported in the governmental funds.	(8,450)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.	
Bonds and leases payable	(1,115,237)
Compensated absences payable	(438,478)
Internal service funds are used by management to charge certain costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	2,646,773
Net position allocated to business-type activities from governmental activities internal service funds	<u>356,407</u>
Net position of governmental activities	<u>\$ 13,135,671</u>

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

CITY OF LUDINGTON

GOVERNMENTAL FUNDS
**STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended December 31, 2024

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Revenues:				
Property taxes	\$ 4,565,007	\$ -	\$ -	\$ 4,565,007
Special assessments	31,154	-	-	31,154
Licenses and permits	170,317	-	-	170,317
Federal grants	63,648	-	14,958	78,606
State grants	1,923,701	809,811	428,602	3,162,114
Contributions from other units	30,765	-	260,368	291,133
Charges for services	782,433	21,789	139,927	944,149
Fines and forfeits	22,264	-	-	22,264
Interest and rents	225,353	10,692	54,884	290,929
Other revenue	123,686	8,706	84,169	216,561
Total revenues	7,938,328	850,998	982,908	9,772,234
Expenditures:				
Current				
General government	2,057,773	-	-	2,057,773
Public safety	2,595,123	-	107,427	2,702,550
Public works	2,033,053	337,840	624,767	2,995,660
Health and welfare	18,180	-	299,300	317,480
Community and economic development	174,177	-	-	174,177
Recreation and culture	741,623	-	67,408	809,031
Capital outlay	44,419	861,284	12,560	918,263
Debt service	23,475	-	52,385	75,860
Total expenditures	7,687,823	1,199,124	1,163,847	10,050,794
Excess (deficiency) of revenues over expenditures	250,505	(348,126)	(180,939)	(278,560)
Other financing sources (uses):				
Interfund transfers in	17,904	-	94,385	112,289
Interfund transfers out	(315,385)	-	(17,904)	(333,289)
Net other financing sources (uses)	(297,481)	-	76,481	(221,000)
Changes in fund balances	(46,976)	(348,126)	(104,458)	(499,560)
Fund balances, beginning of year, as previously stated	2,313,422	-	1,864,554	4,177,976
Change within reporting entity (nonmajor fund to major fund)	-	605,208	(605,208)	-
Error correction	-	(123,111)	-	(123,111)
Fund balances, beginning of year, as restated	2,313,422	482,097	1,259,346	4,054,865
Fund balances, end of year	\$ 2,266,446	\$ 133,971	\$ 1,154,888	\$ 3,555,305

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

CITY OF LUDINGTON

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended December 31, 2024

Changes in fund balances of governmental funds	\$ (499,560)
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	917,608
Depreciation/Amortization expense	(750,279)
Payments of principal on long-term obligations are expenditures in the governmental but the payments reduce long-term liabilities in the statement of net position.	38,283
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accrued interest on bonds	147
Change in compensated absences payable	(41,924)
Change in net pension liability and related deferred amounts	(424,057)
Change in net OPEB liability and related deferred amounts	(90,658)
Internal service funds are used by management to charge certain costs to individual funds. The change in net position of the internal service funds is reported with governmental activities.	
Change in net position of governmental activities accounted for in internal service funds	42,783
Change in net position of governmental activities accounted for in internal service funds charged to business-type activities.	<u>8,074</u>
Change in net position of governmental activities	<u>\$ (799,583)</u>

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Municipal Marina Fund</i>	<i>Harbor View Marina Fund</i>
Assets:				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 97,671	\$ 245,782	\$ 336,862	\$ 624,327
Utility bills receivable	719,448	747,840	-	-
Accounts receivable	1,558	33,391	-	-
Accrued interest receivable	2,653	597	599	1,117
Due from other governments	-	8,227	78,064	-
Inventory	73,210	182,631	19,824	41,779
Prepaid expenses	21,163	22,102	5,798	5,960
Total current assets	915,703	1,240,570	441,147	673,183
<i>Noncurrent assets:</i>				
Restricted cash and cash equivalents				
USDA bond reserve	779,500	405,780	-	-
USDA RRI reserve	684,100	129,907	-	-
Equipment replacement and other reserves	727,005	-	-	-
Capital assets				
Not being depreciated	72,415	61,199	791,393	-
Being depreciated, net	32,019,501	20,402,193	2,719,160	501,414
Leases receivable	-	443,007	-	-
Advance receivable to other funds	-	-	-	265,000
Total noncurrent assets	34,282,521	21,442,086	3,510,553	766,414
Total assets	35,198,224	22,682,656	3,951,700	1,439,597
Deferred outflows of resources:				
Related to pension	146,645	229,368	9,014	-
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable	43,173	43,653	10,160	14,786
Deposits payable	-	16,250	-	200
Accrued interest payable	149,473	43,908	-	-
Accrued wages payable	23,762	37,620	1,692	1,692
Unearned revenue	-	-	176,349	217,382
Current long-term debt	561,000	277,000	-	-
Total current liabilities	777,408	418,431	188,201	234,060

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF NET POSITION, CONTINUED
 December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Municipal Marina Fund</i>	<i>Harbor View Marina Fund</i>
Noncurrent liabilities:				
Long-term debt	24,046,000	11,067,000	-	-
Advance payable to other funds	-	-	265,000	-
Compensated absences payable	66,620	79,718	18,283	18,283
Net pension liability	1,381,723	2,131,693	80,032	-
Total noncurrent liabilities	25,494,343	13,278,411	363,315	18,283
Total liabilities	26,271,751	13,696,842	551,516	252,343
Deferred inflows of resources:				
Related to pension	11,460	16,893	1,420	-
Related to leases	-	422,663	-	-
Total deferred inflows	11,460	439,556	1,420	-
Net position:				
Net investment in capital assets	7,484,916	9,119,392	3,245,553	501,414
Restricted for:				
Bond and RRI reserve	1,463,600	535,687	-	-
Unrestricted (deficit)	113,142	(879,453)	162,225	685,840
Total net position	\$ 9,061,658	\$ 8,775,626	\$ 3,407,778	\$ 1,187,254

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF NET POSITION, CONTINUED
 December 31, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>		<i>Internal Service Funds</i>
	<i>Cartier Park Campground Fund</i>	<i>Total</i>	
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 6,920	\$ 1,311,562	\$ 280,377
Utility bills receivable	-	1,467,288	-
Accounts receivable	-	34,949	667
Accrued interest receivable	1,713	6,679	374
Due from other governments	30,000	116,291	1,657
Inventory	-	317,444	107,749
Prepaid expenses	6,420	61,443	47,049
Total current assets	45,053	3,315,656	437,873
<i>Noncurrent assets:</i>			
Restricted cash and cash equivalents			
USDA bond reserve	-	1,185,280	-
USDA RRI reserve	-	814,007	-
Equipment replacement and other reserves	-	727,005	-
Capital assets			
Not being depreciated	-	925,007	4,250
Being depreciated, net	1,682,056	57,324,324	2,719,000
Leases receivable	-	443,007	-
Advance from other funds	-	265,000	-
Total noncurrent assets	1,682,056	61,683,630	2,723,250
Total assets	1,727,109	64,999,286	3,161,123
Deferred outflows of resources:			
Related to pension	-	385,027	55,827
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	2,698	114,470	35,150
Deposits payable	-	16,450	-
Accrued interest payable	-	193,381	-
Accrued wages payable	2,743	67,509	9,499
Unearned revenue	-	393,731	-
Current long-term debt	-	838,000	-
Total current liabilities	5,441	1,623,541	44,649

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF NET POSITION, CONTINUED
 December 31, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>		<i>Internal Service Funds</i>
	<i>Cartier Park Campground Fund</i>	<i>Total</i>	
Noncurrent liabilities:			
Long-term debt	-	35,113,000	-
Advance to other funds	400,000	665,000	-
Compensated absences payable	31,554	214,458	21,679
Net pension liability	1,712	3,595,160	500,240
Total noncurrent liabilities	433,266	39,587,618	521,919
Total liabilities	438,707	41,211,159	566,568
Deferred inflows of resources:			
Related to pension	-	29,773	3,609
Related to leases	-	422,663	-
Total deferred inflows	-	452,436	3,609
Net position:			
Net investment in capital assets	1,282,056	21,633,331	2,723,250
Restricted for:			
Bond and RRI reserve	-	1,999,287	-
Unrestricted (deficit)	6,346	88,100	(76,477)
Total net position	\$ 1,288,402	\$ 23,720,718	\$ 2,646,773
Adjustment of unrestricted net position to reflect the allocation of internal service fund activities related to business-type activities		(356,407)	
		\$ 23,364,311	

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION**
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Municipal</i>	<i>Harbor View</i>
	<i>Fund</i>	<i>Fund</i>	<i>Marina</i>	<i>Marina</i>
Operating revenues:				
Charges for services	\$ 2,893,834	\$ 3,114,459	\$ 1,000,596	\$ 1,110,014
Equipment rental	-	-	-	-
Other	2,050	42,348	1,900	-
Total operating revenues	2,895,884	3,156,807	1,002,496	1,110,014
Operating expenses:				
Personal services	814,773	1,297,269	158,604	210,402
Contracted services	228,051	143,202	60,318	118,562
Administrative expense	115,300	147,800	24,700	33,500
Insurance	28,360	28,360	9,453	11,145
Utilities	397,789	224,826	39,048	51,610
Repairs and maintenance	24,092	66,410	4,174	13,764
Other services and expenses	209,055	296,110	458,493	526,530
Depreciation	1,030,986	615,991	142,446	22,782
Total operating expenses	2,848,406	2,819,968	897,236	988,295
Operating income (loss)	47,478	336,839	105,260	121,719
Non-operating revenues (expenses):				
Federal grants	-	19,061	-	-
Interest income	43,817	35,377	13,634	28,883
Lease revenue	-	136,138	-	-
Sale of capital assets	-	-	-	-
Contributions	1,558	-	-	-
Interest expense	(609,017)	(178,775)	-	-
Net non-operating revenues (expenses)	(563,642)	11,801	13,634	28,883
Changes in net position before capital contributions and interfund transfers	(516,164)	348,640	118,894	150,602

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION, CONTINUED**
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Municipal Marina Fund</i>	<i>Harbor View Marina Fund</i>
Capital contributions and interfund transfers:				
Federal grants		-	-	-
State grants	-	33,136	78,064	-
Local grants	-	-	-	-
Interfund transfer from General Fund	-	-	-	-
Total capital contributions and interfund transfers	-	33,136	78,064	-
Changes in net position	(516,164)	381,776	196,958	150,602
Net position, beginning of year, as previously stated	9,614,329	8,436,788	3,225,845	-
Change within reporting entity (nonmajor fund to major fund)	-	-	-	1,051,677
Adjustment for change in accounting principle	(36,507)	(42,938)	(15,025)	(15,025)
Net position, beginning of year, as restated	9,577,822	8,393,850	3,210,820	1,036,652
Net position, end of year	\$ 9,061,658	\$ 8,775,626	\$ 3,407,778	\$ 1,187,254

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION, CONTINUED**
 Year Ended December 31, 2024

	<u><i>Enterprise Funds</i></u>		
	<u><i>Nonmajor Fund</i></u>		
	<u><i>Cartier Park Campground Fund</i></u>	<u><i>Total</i></u>	<u><i>Internal Service Funds</i></u>
Operating revenues:			
Charges for services	\$ 386,735	\$ 8,505,638	\$ -
Equipment rental	-	-	1,346,074
Other	17,434	63,732	39,077
Total operating revenues	<u>404,169</u>	<u>8,569,370</u>	<u>1,385,151</u>
Operating expenses:			
Personal services	186,287	2,667,335	401,526
Contracted services	23,314	573,447	155,597
Administrative expense	20,800	342,100	43,700
Insurance	12,253	89,571	66,174
Utilities	37,748	751,021	33,444
Repairs and maintenance	2,227	110,667	102,555
Other services and expenses	42,289	1,532,477	249,882
Depreciation	6,474	1,818,679	374,730
Total operating expenses	<u>331,392</u>	<u>7,885,297</u>	<u>1,427,608</u>
Operating income (loss)	<u>72,777</u>	<u>684,073</u>	<u>(42,457)</u>
Non-operating revenues (expenses):			
Federal grants	-	19,061	-
Interest income	8,260	129,971	14,147
Lease revenue	-	136,138	-
Sale of capital assets	-	-	5,100
Contributions	2,101	3,659	-
Interest expense	-	(787,792)	-
Net non-operating revenues (expenses)	<u>10,361</u>	<u>(498,963)</u>	<u>19,247</u>
Changes in net position before capital contributions and interfund transfers	83,138	185,110	(23,210)

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION, CONTINUED**
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>	<i>Total</i>	<i>Internal Service Funds</i>
	<i>Cartier Park Campground Fund</i>		
Capital contributions and interfund transfers:			
Federal grants	-	-	13,637
State grants	-	111,200	-
Local grants	-	-	52,356
Interfund transfer from General Fund	221,000	221,000	-
Total capital contributions and interfund transfers	221,000	332,200	65,993
Changes in net position	304,138	517,310	42,783
Net position of nonmajor funds, beginning of year, as previously stated	2,060,358		2,616,254
Change within reporting entity (nonmajor fund Harbor View Marina Fund to major fund)	(1,051,677)		-
Adjustment for change in accounting principle	(24,417)		(12,264)
Net position, beginning of year, as restated	984,264		2,603,990
Net position, end of year	\$ 1,288,402		\$ 2,646,773
Adjustment to reflect the allocation of internal service fund activities to business-type activities.		(8,074)	
Changes in net position of business-type activities		\$ 509,236	

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer</i>	<i>Water</i>	<i>Municipal</i>	<i>Harbor View</i>
	<i>Fund</i>	<i>Fund</i>	<i>Marina</i>	<i>Marina</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash received from customers	\$ 2,841,967	\$ 3,034,759	\$ 1,026,766	\$ 1,128,311
Cash received (paid) for interfund services	(86,685)	(130,437)	(9,956)	(11,235)
Cash payments to and on behalf of employees	(747,817)	(1,220,816)	(154,377)	(210,228)
Cash payments to suppliers for goods and services	<u>(902,924)</u>	<u>(797,138)</u>	<u>(578,157)</u>	<u>(718,167)</u>
Net cash provided (used) by operating activities	<u>1,104,541</u>	<u>886,368</u>	<u>284,276</u>	<u>188,681</u>
Cash flows from non-capital financing activities:				
Federal grants	-	19,061	-	-
Contributions	1,558	-	-	-
Interfund transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>1,558</u>	<u>19,061</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Capital contributions	-	33,136	56,351	-
Sale of capital assets	-	-	-	-
Acquisition and construction of capital assets	(190,115)	(999,353)	(112,735)	-
Principal payments	(549,000)	(273,000)	-	-
Interest paid	<u>(612,192)</u>	<u>(179,823)</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,351,307)</u>	<u>(1,419,040)</u>	<u>(56,384)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	43,971	35,995	13,196	28,412
Lease revenue received	<u>-</u>	<u>120,603</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>43,971</u>	<u>156,598</u>	<u>13,196</u>	<u>28,412</u>
Change in cash and cash equivalents	(201,237)	(357,013)	241,088	217,093
Cash and cash equivalents, beginning of year	<u>2,489,513</u>	<u>1,138,482</u>	<u>95,774</u>	<u>407,234</u>
Cash and cash equivalents, end of year	<u>\$ 2,288,276</u>	<u>\$ 781,469</u>	<u>\$ 336,862</u>	<u>\$ 624,327</u>

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>			
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Municipal Marina Fund</i>	<i>Harbor View Marina Fund</i>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 47,478	\$ 336,839	\$ 105,260	\$ 121,719
Adjustments:				
Depreciation	1,030,986	615,991	142,446	22,782
Change in assets and liabilities:				
Utility bills receivable	(52,359)	(92,171)	-	-
Accounts receivable	(1,558)	(23,206)	-	-
Due from other governments	-	(6,671)	-	-
Inventory	7,595	(20,908)	2,952	25,180
Prepaid expenses	884	5,277	538	538
Accounts payable	4,559	(7,736)	4,583	(209)
Deposits payable	-	2,500	-	200
Accrued wages payable	2,937	6,144	515	515
Unearned revenue	-	-	24,270	18,297
Compensated absences payable	3,226	9,097	(341)	(341)
Net pension liability/related deferred amounts	60,793	93,215	4,053	-
Net OPEB liability/related deferred amounts	-	(32,003)	-	-
Net cash provided (used) by operating activities	\$ 1,104,541	\$ 886,368	\$ 284,276	\$ 188,681

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>		<i>Internal Service Funds</i>
	<i>Cartier Park Campground Fund</i>	<i>Total</i>	
Cash received from customers	\$ 402,769	\$ 8,434,572	\$ 38,128
Cash received (paid) for interfund services	(17,690)	(256,003)	1,346,074
Cash payments to and on behalf of employees	(181,545)	(2,514,783)	(375,799)
Cash payments to suppliers for goods and services	(122,041)	(3,118,427)	(657,133)
Net cash provided (used) by operating activities	81,493	2,545,359	351,270
Cash flows from non-capital financing activities:			
Federal grants	-	19,061	-
Contributions	2,101	3,659	-
Interfund transfer from General Fund	221,000	221,000	-
Net cash provided by non-capital financing activities	223,101	243,720	-
Cash flows from capital and related financing activities:			
Capital contributions	270,000	359,487	65,993
Sale of capital assets	-	-	5,100
Acquisition and construction of capital assets	(1,117,876)	(2,420,079)	(414,052)
Principal payments	-	(822,000)	-
Interest paid	-	(792,015)	-
Net cash used by capital and related financing activities	(847,876)	(3,674,607)	(342,959)
Cash flows from investing activities:			
Interest received	7,408	128,982	14,121
Lease revenue received	-	120,603	-
Net cash provided by investing activities	7,408	249,585	14,121
Change in cash and cash equivalents	(535,874)	(635,943)	22,432
Cash and cash equivalents, beginning of year	542,794	4,673,797	257,945
Cash and cash equivalents, end of year	\$ 6,920	\$ 4,037,854	\$ 280,377

continued

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

CITY OF LUDINGTON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended December 31, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>		<i>Internal Service Funds</i>
	<i>Cartier Park Campground Fund</i>	<i>Total</i>	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 72,777	\$ 684,073	\$ (42,457)
Adjustments:			
Depreciation	6,474	1,818,679	374,730
Change in assets and liabilities:			
Utility bills receivable	-	(144,530)	(667)
Accounts receivable	-	(24,764)	-
Due from other governments	-	(6,671)	(282)
Inventory	-	14,819	(23,086)
Prepaid expenses	863	8,100	369
Accounts payable	(1,963)	(766)	16,936
Deposits payable	-	2,700	-
Accrued wages payable	835	10,946	1,236
Unearned revenue	(1,400)	41,167	-
Compensated absences	3,907	15,548	174
Net pension liability/related deferred amounts	-	158,061	24,317
Net OPEB liability/related deferred amounts	-	(32,003)	-
	<u>\$ 81,493</u>	<u>\$ 2,545,359</u>	<u>\$ 351,270</u>
Net cash provided (used) by operating activities	<u>\$ 81,493</u>	<u>\$ 2,545,359</u>	<u>\$ 351,270</u>

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

CITY OF LUDINGTON

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2024

	<i>Pension (and Other Employee Benefit) Trust Funds</i>	<i>Custodial Funds</i>
Assets:		
Cash and cash equivalents	\$ 732,233	\$ 496,500
Investments at fair value		
Mutual funds	7,436,012	-
Other	2,532	-
Taxes receivable	31,888	-
Total assets	<u>8,202,665</u>	<u>496,500</u>
Liabilities:		
Accounts payable	-	3,374
Due to local governments	-	441,399
Total liabilities	<u>-</u>	<u>444,773</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>586,088</u>	<u>-</u>
Net position:		
Restricted for:		
Pension benefits	7,614,045	-
Retiree healthcare benefits	2,532	-
Individuals, organizations and other governments	<u>-</u>	<u>51,727</u>
Total net position	<u>\$ 7,616,577</u>	<u>\$ 51,727</u>

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

CITY OF LUDINGTON

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2024

	<i>Pension (and Other Employee Benefit) Trust Funds</i>	<i>Custodial Funds</i>
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer/Property taxes	\$ 544,630	\$ -
Employee	68,979	-
Gifts and bequests	-	4,788
Total contributions	<u>613,609</u>	<u>4,788</u>
Investment earnings:		
Interest and dividends	300,292	1
Net increase in fair value of investments	<u>391,134</u>	<u>-</u>
Net investment earnings	<u>691,426</u>	<u>1</u>
Property tax collections for other governments	<u>-</u>	<u>11,273,917</u>
Total additions	<u>1,305,035</u>	<u>11,278,706</u>
Deductions:		
Benefit payments	664,299	-
Administrative fees	54,768	-
Payments on behalf of organizations	-	24,497
Property tax collections to other governments	<u>-</u>	<u>11,273,917</u>
Total deductions	<u>719,067</u>	<u>11,298,414</u>
Net increase (decrease)	585,968	(19,708)
Net position, beginning of year	<u>7,030,609</u>	<u>71,435</u>
Net position, end of year	<u>\$ 7,616,577</u>	<u>\$ 51,727</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the City of Ludington, (the “City”).

Reporting Entity:

The City of Ludington was incorporated in 1873 under the provisions of the Home Rule Act of the State of Michigan. The City operates a Council-Manager form of government and provides the following services as authorized by its charter: general administrative services, public safety, highway and street maintenance, health, culture, recreation and other governmental functions.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description). Although blended component units are legal separate entities, in substance, they are part of the City’s operations.

Blended Component Unit:

Building Authority – The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were a part of the primary government because its primary purpose is to finance and construct the City’s public buildings. The Building Authority is reported as a debt service fund; however, there was no activity during the current year.

Discretely Presented Component Unit:

Downtown Development Authority – The Downtown Development Authority (DDA) is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The DDA was created to prevent and correct deterioration, encourage historical preservation, and promote economic growth within the downtown district. The DDA’s board is appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority.

Joint Venture:

Western Mason County Fire District Authority – The Western Mason County Fire District Authority, was formed by Pere Marquette Charter Township, Hamlin Township and the City of Ludington, on May 20, 1996 to aid in providing fire vehicles and equipment for each municipality’s fire departments. The Authority is governed by a 6 member Board composed of the Supervisor or City Manager and the Fire Chief of each participating municipality. Complete financial statements for the Authority can be obtained from Pere Marquette Township at 1699 South Pere Marquette Highway, Ludington, Michigan. There is no stated equity interest in the Fire District Authority agreement and therefore, in accordance with generally accepted accounting principles, no equity interest is recorded in these financial statements.

Accounting and Reporting Principles:

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Report Presentation:

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Accounting:

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds.

The City reports the following major and nonmajor governmental funds:

Major Governmental Funds:

General Fund is the City's primary operating fund. It accounts for all financial resources, except for those required to be accounted for in another fund.

Special Revenue Fund – Major Street Fund accounts for the expenditures associated with the maintenance and construction needs of the major street portion of the City's street network.

Nonmajor Governmental Funds:

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds – Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund, Water Fund, Municipal Marina Fund, Cartier Park Fund, Harbor View Fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds focus on limitations on the use of net position, rather than on the source of those assets.

The City reports the following proprietary funds:

Enterprise funds are used to account for City operations which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The City reports the following major enterprise funds:

Sewer Fund accounts for the operation and maintenance of the City's sewage disposal system.

Water Fund accounts for the operation and maintenance of the City's water supply system.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Municipal Marina Fund accounts for the operation and maintenance of the City-owned marina.

Harbor View Marina Fund accounts for the operation and maintenance of the City-operated marina.

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Fiduciary funds are used to account for the resources held in a fiduciary capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

Pension and Other Postemployment Benefits Trust Funds are used to account for assets held by the City in a trustee capacity for the benefit of retirees and their beneficiaries. These include the Police Pension Fund, Police Greenwood Fund, and OPEB Fund. These funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is critical. They accumulate resources for benefits to qualified employees and volunteers during retirement.

Custodial Funds report fiduciary activities that are not required to be reported in trust funds. These include the Tax Collection Fund, Cultural Development Fund, Splash Pad Fund and Starfish Buyback Fund.

Specific Balances and Transactions:

Deposits and Investments – Cash includes cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the City considers all investments (including restricted assets) to be cash equivalents.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased for the cemetery and public works departments and for all other departments, inventories are recorded as expenditures when purchased rather than when consumed.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – Certain resources set aside for repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are defined by the City as assets with an individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Individual assets that cost less than \$5,000 but were purchased as a group or are part of a set costing at least \$5,000, should be capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Buildings and improvements	20-75 years
Furniture and equipment	5-10 years
Infrastructure	25 years
Land improvements	5-50 years
Machinery and equipment	5-25 years
Utility systems and plants	15-99 years

The City has a collection of sculptures located at the waterfront park. The collection is not capitalized because it meets all the following conditions: (1) the collection is held for reasons other than financial gain; (2) the collection is protected, kept unencumbered, cared for, and preserved; (3) the collection is subject to City policy requiring that proceeds from sales of collection items be used to acquire other items for collections.

Long-term Obligations – In the government-wide financial statements and the 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, 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 the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate long-term debt of the governmental debt.

Unearned Revenue – Governmental and proprietary funds report unearned revenue in connection with resources that have been received but not yet earned.

Deferred Outflows/Inflows 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 a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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 and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

Net Position Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Other classifications of fund balance include: nonspendable fund balance, which are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact; restricted fund balance, which are amounts that have constraints placed on their use by an external party or constitutional provisions or enabling legislation (grants, contributions, specific fee mandates); and unassigned fund balance, which are amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, unassigned balances also include negative balances in other governmental funds.

Property Taxes – Property taxes attach as enforceable liens on properties as of the prior December 31. The related summer property taxes are levied on September 1 and are payable from the date of levy through October 9. The winter property taxes are levied on December 1 and are payable from the date of levy through February 14. The City bills and collects its own property taxes and also taxes for taxing authorities. Collections of all the taxes and remittances of them to the other taxing authorities are accounted for in an agency fund.

Revenues for 2024 include property taxes levied in 2023 but appropriated by a City ordinance to finance 2024 operations. Property taxes levied in 2024 for the operations of 2024 are a lien against properties and are an asset of the City. They are recorded as taxes receivable and a deferred inflow of resources at December 31, 2024. In 2023, the City levied property taxes on an assessed property tax value of \$310,995,887 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 14.1344 mills per the City's charter, with 11.3988 mills allocated for operating purposes and 2.7356 mills allocated for refuse services. There were also 1.7500 mills levied for police pension. The DDA levied property taxes on an assessed property tax value of \$30,332,497 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 1.5734 mills.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pension Costs – The City offers two defined benefit pension plans to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Other Postemployment Benefit Costs (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the City of Ludington Employee OPEB Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City of Ludington. 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.

Compensated Absences (Vacation and Sick Leave) – It is the City's policy to permit employees to accumulate and carryover earned but unused sick and vacation days. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual's employment has terminated as of year end.

Proprietary Funds Operating Classification – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds recognize as capital contributions the tap fees intended to recover the cost of connecting new customers to the system and as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity:

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. Per City Charter, the City Manager submits the proposed operating budget to City Council by the second council meeting of November for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. During the month of November, the City Council holds open meetings to review the budget in detail and to obtain taxpayer comments. At the second Council meeting in December, the budget is legally enacted by adoption of the City Council.

Any revision that alters the total expenditures of any fund must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund as well as any other major funds is included in the required supplementary information. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the City incurred expenditures in excess of the amounts budgeted, as follows:

	<u>Final Budget</u>		<u>Actual</u>		<u>Excess</u>
General Fund:					
General government					
Manager	\$ 422,500	\$	433,270	\$	10,770
Treasurer	222,200		224,603		2,403
Attorney	147,400		163,239		15,839
Downtown property	190,900		193,955		3,055
Public works					
Street lighting	123,500		130,477		6,977
Downtown Development Authority:					
Community and economic development	55,700		135,681		79,981

State Construction Code Act:

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000, reported in the General Fund, is as follows:

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Cumulative surplus at January 1, 2024		\$	-
Current year building permit revenue			96,897
Related expenses:			
Direct costs	49,597		
Indirect costs	<u>18,187</u>		<u>67,784</u>
Cumulative surplus at December 31, 2024		\$	<u>29,113</u>

The cumulative surplus is presented as restricted fund balance in the General Fund as required by State law.

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Police Pension Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity contracts, real estate leased to public entities, mortgages, real estate (if the trust funds assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the City Council is in accordance with Public Act 196 of 1997. The City's deposits and investments have been made in accordance with statutory authority.

Summary of Deposit and Investment Balances:

The following is a reconciliation of deposit and investment balances as of December 31, 2024:

Statement of Net Position:

Cash and cash equivalents (including restricted):			
Primary Government		\$	8,626,188
Component Unit			507,547
Investments:			
Primary Government			3,547,632

Statement of Fiduciary Net Position:

Cash and cash equivalents			1,228,733
Investments			<u>7,438,544</u>
Total		\$	<u>21,348,644</u>

continued

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Deposits and Investments:

Bank deposits	\$ 10,361,068
Investments:	
Mutual funds	
Equity funds	3,793,759
Fixed-income funds	3,407,264
Money market	243,262
Michigan CLASS investment pool	3,288,730
Treasury bonds	250,629
Interest in pooled investments	2,532
Cash on hand	<u>1,400</u>
Total	<u>\$ 21,348,644</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. The City does not have a written deposit policy for custodial credit risk. At year end, the City had \$10,290,200 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$1,005,004 was covered by depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Investments: Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City’s investment policy does not have specific limits in excess of State law on investment maturities as a means on managing its exposure to fair value losses arising from increasing interest rates.

At year end, the average maturities of fixed income security investments are as follows:

<i>Investment Type</i>	<i>Market Value</i>	<i>Maturity Less than 1 Year</i>	<i>Maturity 1 to 3 Years</i>	<i>Maturity 4 to 6 Years</i>	<i>Maturity 7 to 9 Years</i>
Mutual funds					
Equity funds	\$ 3,793,759	\$ 3,793,759	\$ -	\$ -	\$ -
Fixed-income funds	3,407,264	-	1,753,469	-	1,653,795
Money market	243,262	243,262	-	-	-
Michigan CLASS investment pool	3,288,730	3,288,730	-	-	-
Treasury bonds	250,629	124,814	125,815	-	-
Interest in pooled investments	<u>2,532</u>	<u>2,532</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,986,176</u>	<u>\$ 7,453,097</u>	<u>\$ 1,879,284</u>	<u>\$ -</u>	<u>\$ 1,653,795</u>

Credit Risk – Investments: State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City’s investment policy does not have specific limits in excess of state law on investment credit risk. At year end, the credit quality ratings are as follow:

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

<u>Investment Type</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Mutual funds			
Equity funds	\$ 3,793,759	Not rated	N/A
Fixed-income funds	2,043,827	AAA	S&P
Fixed-income funds	374,205	AA	S&P
Fixed-income funds	761,836	A/BBB	S&P
Fixed-income funds	227,396	A/BBB	S&P
Money market	243,262	Not rated	N/A
Treasury bonds	250,629	Aaa	Moody's
Michigan CLASS investment pool	3,288,730	AAAam	S&P
Interest in pooled investments	<u>2,532</u>	Not rated	N/A
Total	<u>\$ 10,986,176</u>		

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk.

At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The City has the following recurring fair value measurement as of December 31, 2024:

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4: FAIR VALUE MEASUREMENTS, CONTINUED

<u>Investment Type</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Market Value</u>
Mutual funds				
Equity funds	\$ 3,793,759	\$ -	\$ -	\$ 3,793,759
Fixed-income funds	3,407,264	-	-	3,407,264
Money market	243,262	-	-	243,262
Treasury bonds	-	250,629	-	250,629
Total	<u>\$ 7,444,285</u>	<u>\$ 250,629</u>	<u>\$ -</u>	7,694,914
Michigan CLASS investment pool				3,288,730
Interest in pooled investments				<u>2,532</u>
				<u>\$ 10,986,176</u>

The City has \$3,288,730 invested with the Michigan Cooperative Liquid Assets Security System (Michigan CLASS). Michigan CLASS is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS funds are authorized to invest in U.S. Treasuries, U.S. Agencies, commercial paper, bankers' acceptances, repurchase agreements, certificates of deposit, and mutual funds. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1. Fair value of the City's position in the government investment pool is the same as the value of the Michigan CLASS pool shares.

The City's investment in the MERS Total Market Portfolio of \$2,532 is valued at net asset value. At December 31, 2024, there were no unfunded commitments or redemption restrictions. The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers.

NOTE 5: RESTRICTED ASSETS AND BOND RESERVES

There are a number of limitations and restrictions contained in the various bond indentures, including requirements to maintain certain restricted assets. The City is in compliance with all significant provisions of the bond indentures.

At December 31, 2024 the City had these accounts established and had restricted cash and cash equivalents as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Restricted cash and cash equivalents:			
USDA Bond reserve	\$ 779,500	\$ 405,780	\$ 1,185,280
USDA RRI reserve	684,100	129,907	814,007
Equipment replacement and other reserves	727,005	-	727,005
	<u>\$ 2,190,605</u>	<u>\$ 535,687</u>	<u>\$ 2,726,292</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: CAPITAL ASSETS AND RIGHT-TO-USE ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	<i>Restated</i> <i>January 1,</i> <i>2024</i>	<i>Additions</i>	<i>Retirements</i>	<i>December 31,</i> <i>2024</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 213,254	\$ -	\$ -	\$ 213,254
Construction in progress	106,423	-	(106,423)	-
Total capital assets not being depreciated	<u>319,677</u>	<u>-</u>	<u>(106,423)</u>	<u>213,254</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	8,740,821	26,984	(32,600)	8,735,205
Furniture and equipment	150,156	-	(125,511)	24,645
Infrastructure	12,532,798	946,279	-	13,479,077
Land and site improvements	1,635,752	-	-	1,635,752
Machinery and equipment	3,183,206	464,820	(501,827)	3,146,199
Lease right-to-use assets	107,340	-	-	107,340
Total capital assets being depreciated	<u>26,350,073</u>	<u>1,438,083</u>	<u>(659,938)</u>	<u>27,128,218</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,635,835)	(209,999)	32,600	(2,813,234)
Furniture and equipment	(142,533)	(2,650)	125,511	(19,672)
Infrastructure	(3,915,388)	(479,863)	-	(4,395,251)
Land and site improvements	(582,453)	(59,786)	-	(642,239)
Machinery and equipment	(1,851,124)	(351,243)	501,827	(1,700,540)
Lease right-to-use assets	(12,523)	(21,468)	-	(33,991)
Total accumulated depreciation/ amortization	<u>(9,139,856)</u>	<u>(1,125,009)</u>	<u>659,938</u>	<u>(9,604,927)</u>
Capital assets being depreciated/ amortized, net	<u>17,210,217</u>	<u>313,074</u>	<u>-</u>	<u>17,523,291</u>
Governmental activities, capital assets, net	<u>\$ 17,529,894</u>	<u>\$ 313,074</u>	<u>\$ (106,423)</u>	<u>\$ 17,736,545</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: CAPITAL ASSETS AND RIGHT-TO-USE ASSETS, CONTINUED

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2024</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 880,826	\$ -	\$ -	\$ 880,826
Construction in progress	<u>1,078,331</u>	<u>44,181</u>	<u>(1,078,331)</u>	<u>44,181</u>
Total capital assets not being depreciated	<u>1,959,157</u>	<u>44,181</u>	<u>(1,078,331)</u>	<u>925,007</u>
Capital assets being depreciated:				
Buildings and improvements	4,300,022	1,501,661	(5,350)	5,796,333
Infrastructure	148,601	-	-	148,601
Land improvements	4,012,800	99,971	-	4,112,771
Machinery and equipment	828,052	89,335	(6,020)	911,367
Sewer systems and plants	41,596,339	190,115	-	41,786,454
Water systems and plants	<u>23,854,195</u>	<u>1,352,927</u>	<u>-</u>	<u>25,207,122</u>
Total capital assets being depreciated	<u>74,740,009</u>	<u>3,234,009</u>	<u>(11,370)</u>	<u>77,962,648</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,924,568)	(85,218)	5,350	(3,004,436)
Infrastructure	(56,090)	(3,822)	-	(59,912)
Land improvements	(1,089,415)	(129,265)	-	(1,218,680)
Machinery and equipment	(481,613)	(88,919)	6,020	(564,512)
Sewer systems and plants	(8,980,163)	(953,541)	-	(9,933,704)
Water systems and plants	<u>(5,299,166)</u>	<u>(557,914)</u>	<u>-</u>	<u>(5,857,080)</u>
Total accumulated depreciation	<u>(18,831,015)</u>	<u>(1,818,679)</u>	<u>11,370</u>	<u>(20,638,324)</u>
Capital assets being depreciated, net	<u>55,908,994</u>	<u>1,415,330</u>	<u>-</u>	<u>57,324,324</u>
Business-type activities, capital assets, net	<u>\$ 57,868,151</u>	<u>\$ 1,459,511</u>	<u>\$ (1,078,331)</u>	<u>\$ 58,249,331</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6: CAPITAL ASSETS AND RIGHT-TO-USE ASSETS, CONTINUED

	<i>January 1, 2024</i>	<i>Additions</i>	<i>Retirements</i>	<i>December 31, 2024</i>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 32,916	\$ -	\$ -	\$ 32,916
Capital assets being depreciated:				
Buildings and improvements	2,435,807	-	-	2,435,807
Land improvements	10,672	-	-	10,672
Machinery and equipment	54,481	-	-	54,481
Total capital assets being depreciated	2,500,960	-	-	2,500,960
Less accumulated depreciation for:				
Buildings and improvements	(265,406)	(97,432)	-	(362,838)
Land improvements	(2,469)	(213)	-	(2,682)
Machinery and equipment	(15,529)	(10,158)	-	(25,687)
Total accumulated depreciation	(283,404)	(107,803)	-	(391,207)
Capital assets being depreciated, net	2,217,556	(107,803)	-	2,109,753
Component unit, capital assets, net	\$ 2,250,472	\$ (107,803)	\$ -	\$ 2,142,669

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
General government	\$ 85,968	\$ -	\$ -
Public safety	57,090	-	-
Public works	400,212	-	-
Health and welfare	2,359	-	-
Community and economic development	-	-	107,803
Recreation and culture	204,650	-	-
Internal service funds	374,730	-	-
Sewer	-	1,030,986	-
Water	-	615,991	-
Municipal Marina	-	142,446	-
Harbor View Marina	-	22,782	-
Cartier Park Campground	-	6,474	-
	<u>\$ 1,125,009</u>	<u>\$ 1,818,679</u>	<u>\$ 107,803</u>

NOTE 7: LONG-TERM LIABILITIES

The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds and contract financing are direct obligations and pledge the full faith and credit of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other liabilities include compensated absences.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2024:

	<i>Restated January 1, 2024</i>	<i>Additions</i>	<i>Reductions</i>	<i>December 31, 2024</i>	<i>Due Within One Year</i>
Governmental Activities:					
<i>Direct placements:</i>					
General obligation bonds	\$ 1,058,000	\$ -	\$ (18,000)	\$ 1,040,000	\$ 19,000
<i>Leases payable:</i>					
Office equipment	95,520	-	(20,283)	75,237	21,046
<i>Other liabilities:</i>					
Compensated absences	296,701	163,456 *	-	460,157	-
Total governmental activities	<u>\$ 1,450,221</u>	<u>\$ 163,456</u>	<u>\$ (38,283)</u>	<u>\$ 1,575,394</u>	<u>\$ 40,046</u>
Business-type Activities:					
<i>Direct placements:</i>					
Revenue bonds	\$ 36,773,000	\$ -	\$ (822,000)	\$ 35,951,000	\$ 838,000
<i>Other liabilities:</i>					
Compensated absences	198,910	15,548 *	-	214,458	-
Total business-type activities	<u>\$ 36,971,910</u>	<u>\$ 15,548</u>	<u>\$ (822,000)</u>	<u>\$ 36,165,458</u>	<u>\$ 838,000</u>

* The change in the compensated absences liability is presented as a net change.

Debt issues outstanding are as follows:

	<i>Maturity Date</i>	<i>Original Issue</i>	<i>Interest Rate</i>	<i>Amount Outstanding</i>
Governmental Activities:				
<i>General obligation bond:</i>				
2018 General Obligation Limited Tax Capital Improvement Bonds	2056	\$ 1,200,000	3.25%	\$ 1,040,000
<i>Leases payable:</i>				
Office equipment	2028	107,340	3.70%	75,237
Business-type activities:				
<i>Revenue Bonds:</i>				
2007 Sewage Disposal System Junior Lien Revenue Bonds	2027	1,500,000	1.625%	255,000
2016 Water Supply System Junior Lien Revenue Bonds	2056	9,817,000	1.375%	8,245,000
2017 Sewage Disposal System Junior Lien Revenue Bonds	2056	2,146,000	2.500%	1,863,000
2017 Water Supply System Junior Lien Revenue Bonds	2056	2,330,000	1.875%	1,990,000
2018 Sewage Disposal System Revenue Bonds	2056	2,020,000	2.750%	1,672,000

continued

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

	<i>Maturity Date</i>	<i>Original Issue</i>	<i>Interest Rate</i>	<i>Amount Outstanding</i>
2018 Water Supply System Revenue Bonds	2056	1,351,000	2.250%	1,109,000
2019 Sewage Disposal System Revenue Bonds (Junior Lien)	2058	9,000,000	2.375%	8,108,000
2019 Sewage Disposal System Revenue Bonds (Junior Lien)	2058	8,079,000	2.375%	7,279,000
2019 Sewage Disposal System Revenue Bonds (Junior Lien)	2058	6,014,000	2.500%	5,430,000

Annual debt service requirements to maturity for governmental activities are as follows:

<i>Year Ended</i>	<i>Governmental Activities</i>			<i>Governmental Activities</i>		
	<i>General Obligation Bonds</i>			<i>Leases Payable</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
<i>December 31,</i>						
2025	\$ 19,000	\$ 33,800	\$ 52,800	\$ 21,046	\$ 2,429	\$ 23,475
2026	19,000	33,182	52,182	21,838	1,637	23,475
2027	20,000	32,566	52,566	22,660	815	23,475
2028	21,000	31,916	52,916	9,693	88	9,781
2029	21,000	31,232	52,232	-	-	-
2030-2034	117,000	145,374	262,374	-	-	-
2035-2039	138,000	124,998	262,998	-	-	-
2040-2044	160,000	101,238	261,238	-	-	-
2045-2049	190,000	73,288	263,288	-	-	-
2050-2054	222,000	40,432	262,432	-	-	-
2055-2058	113,000	6,174	119,174	-	-	-
	<u>\$ 1,040,000</u>	<u>\$ 654,200</u>	<u>\$ 1,694,200</u>	<u>\$ 75,237</u>	<u>\$ 4,969</u>	<u>\$ 80,206</u>

Annual debt service requirements to maturity for business-type activities are as follows:

<i>Year Ended</i>	<i>Business-type Activities</i>		
	<i>Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
<i>December 31,</i>			
2025	\$ 838,000	\$ 773,524	\$ 1,611,524
2026	852,000	756,280	1,608,280
2027	872,000	738,726	1,610,726
2028	803,000	720,746	1,523,746
2029	819,000	703,788	1,522,788
2025-2029	4,184,000	3,693,064	7,877,064
2030-2034	4,360,000	3,251,488	7,611,488
2035-2039	4,848,000	2,767,810	7,615,810
2040-2044	5,383,000	2,227,526	7,610,526
2045-2049	5,984,000	1,624,294	7,608,294
2050-2054	6,659,000	950,260	7,609,260
2055-2058	4,533,000	237,060	4,770,060
	<u>\$ 35,951,000</u>	<u>\$ 14,751,502</u>	<u>\$ 50,702,502</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 8: LEASES RECEIVABLE

The City has entered into an agreement as a lessor. The City's Water Fund has a five-year water tower space lease agreement from October 1, 2023 through September 30, 2028. Based on this agreement, the City is receiving monthly payments of \$9,975 increasing 3% each subsequent year. The lease receivable reported is \$443,007 and a related deferred inflow of resources of \$422,663 at December 31, 2024. For year end, the City reported total revenue of \$136,138 consisting of lease revenue of \$112,710 and interest revenue of \$23,428. Future revenue is as follows:

<i>Year Ended</i> <i>December 31,</i>	<i>Business-type Activities</i>		
	<i>Lease Revenue/ Deferred Inflow</i>	<i>Interest Revenue</i>	<i>Total</i>
2025	\$ 112,710	\$ 18,662	\$ 131,372
2026	112,710	13,489	126,199
2027	112,710	7,885	120,595
2028	84,533	1,959	86,492
	<u>\$ 422,663</u>	<u>\$ 41,995</u>	<u>\$ 464,658</u>

NOTE 9: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivable and payable balances for the year ended December 31, 2024 were as follows:

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Receivables:				
Property taxes	\$ 254,326	\$ -	\$ 254,326	\$ 1,775
Utility bills	-	1,467,288	1,467,288	-
Accounts	118,817	34,949	153,766	-
Special assessments	20,538	-	20,538	-
Accrued interest	6,311	6,679	12,990	300
Intergovernmental	443,276	116,291	559,567	-
Total receivables	<u>\$ 843,268</u>	<u>\$ 1,625,207</u>	<u>\$ 2,468,475</u>	<u>\$ 2,075</u>
Accounts payable and accrued expenses:				
Accounts	\$ 265,564	\$ 114,470	\$ 380,034	\$ 8,277
Payroll liabilities	161,241	67,509	228,750	-
Deposits payable	3,536	16,450	19,986	-
Accrued interest	8,450	193,381	201,831	-
Intergovernmental	1,860	-	1,860	-
Total accounts payable and accrued expenses	<u>\$ 440,651</u>	<u>\$ 391,810</u>	<u>\$ 832,461</u>	<u>\$ 8,277</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS December 31, 2024

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

Due From/To Other Funds consisted of the following at December 31, 2024:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
General Fund	Major Street Fund	\$ <u>72,055</u>

Advances From/To consisted of the following at December 31, 2024:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
General Fund	Cartier Park Fund	\$ 400,000
Harbor View Marina Fund	Municipal Marina Fund	<u>265,000</u>
		\$ <u>665,000</u>

During the prior year, the City approved interfund loans between the General Fund and the Cartier Park Fund and the Harbor View Marina Fund and the Municipal Marina Fund. Amounts owed by the Cartier Park Fund and the Municipal Marina Fund will be paid annually in amounts determined by the City Manager at 0% interest. There were no repayments made during the year.

NOTE 11: INTERFUND TRANSFERS

Interfund transfers were either to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (2) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year were as follows:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
General Fund	Nonmajor Governmental Funds	
	Recreation Fund	\$ 42,000
	Fire Station Debt Fund	52,385
	Nonmajor Enterprise Fund	
	Cartier Park Fund	221,000
Nonmajor Governmental Fund	General Fund	
Cemetery Capital Improvement Fund		<u>17,904</u>
		\$ <u>333,289</u>

NOTE 12: DEFINED BENEFIT PENSION PLANS – GENERAL

Defined Benefit Pension Plan (Michigan Municipal Employees' Retirement System):

Plan Description – The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 12: DEFINED BENEFIT PENSION PLANS – GENERAL

Employees covered by benefit terms – At the December 31, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits (including refunds)	10
Active employees	<u>53</u>
Total	<u>128</u>

Benefits Provided – The following are the benefits provided from the December 31, 2023 valuation.

	<u><i>Division 01 - General: Closed, linked to Division 02</i></u>	<u><i>Division 02 - General after 6/11: Open, linked to Division 01</i></u>
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; 2.25% Multiplier (80% max)	1.70% Multiplier (no max)
Bridged Benefit Date	12/31/2016	
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/15	55/15
Early Retirement (Reduced):	50/25	50/25
Final Average Compensation:	3 years	5 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	0.00%	5.00%
Act 88:	No	No

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The City 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 City may establish contribution rates to be paid by its covered employees. City minimum required contributions, for the current year, were \$70,414 monthly based on valuation payroll for Division 01 and 9.32% as a percentage of payroll for Division 02. Amounts are based on the valuation payroll from the December 31, 2022 actuarial valuation.

Net Pension Liability – The City’s net pension liability reported at December 31, 2024 was measured as of December 31, 2024. The total pension liability as of December 31, 2024 was calculated by the roll-forward method based on the December 31, 2023 actuarial valuation.

Actuarial assumptions – The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.50%; Salary Increases: 3.00% in the long-term; Investment rate of return: 6.93%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% 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 the valuation were based on the results of the most recent actuarial experience study of 2014-2018.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 12: DEFINED BENEFIT PENSION PLANS – GENERAL, CONTINUED

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:

Asset Class	Target Allocation	Long-term Expected Gross Return	Long-term Expected Gross Return Contribution	Inflation Assumption	Long-term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.93%	2.50%	0.43%
Private Investments	20.0%	9.50%	1.80%	2.50%	1.30%
Total	100.0%		6.93%		4.43%

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability during the measurement year were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/23	\$ 24,645,359	\$ 15,589,405	\$ 9,055,954
Service cost	380,020	-	380,020
Interest on total pension liability	1,746,610	-	1,746,610
Difference between expected and actual experience	(147,775)	-	(147,775)
Changes in assumptions	181,029	-	181,029
Employer contributions	-	1,137,529	(1,137,529)
Employee contributions	-	88,989	(88,989)
Net investment income	-	1,163,321	(1,163,321)
Benefit payments, including employee refunds	(1,488,400)	(1,488,400)	-
Administrative expenses	-	(34,605)	34,605
Other changes	(3,383)	-	(3,383)
Net changes	668,101	866,834	(198,733)
Balances at 12/31/24	<u>\$ 25,313,460</u>	<u>\$ 16,456,239</u>	<u>\$ 8,857,221</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 12: DEFINED BENEFIT PENSION PLANS – GENERAL, CONTINUED

The General (MERS) net pension liability is recorded as follows:

Governmental activities	\$ 5,262,061
Business-type activities	<u>3,595,160</u>
	<u>\$ 8,857,221</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the change in net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City’s change in net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	<u>1% Decrease Rate 6.18%</u>	<u>Current Rate 7.18%</u>	<u>1% Increase Rate 8.18%</u>
Change in net pension liability as of 12/31/24	\$ 2,842,783	\$ -	\$ (2,394,948)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2024, the City recognized a negative pension expense of \$1,542,814. The City reported deferred outflows and inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experiences	\$ -	\$ 70,904
Changes in assumptions	347,157	-
Net difference between projected and actual earnings on pension plan investments	<u>606,884</u>	<u>-</u>
	<u>\$ 954,041</u>	<u>\$ 70,904</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 569,014	\$ 41,131
Business-type activities	<u>385,027</u>	<u>29,773</u>
	<u>\$ 954,041</u>	<u>\$ 70,904</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 12: DEFINED BENEFIT PENSION PLANS – GENERAL, CONTINUED

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

<i>Year Ended</i>	<i>Amount</i>
2025	\$ 474,896
2026	529,739
2027	(112,730)
2028	(8,768)

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

NOTE 13: DEFINED BENEFIT PENSION PLANS – POLICE

Defined Benefit Pension Plan (City of Ludington Police Retirement System):

Summary of Significant Accounting Policies:

Method used to value instruments – Investments are reported at fair value.

Plan Description:

Plan administration – The plan is established and administered by the City of Ludington Police Retirement System; a single-employer defined benefit pension plan administered by a Board of Trustees comprised of five members—the City treasurer, two members elected by plan members and two members appointed by the City Council. The plan was established under Act 345, PA of 1937 of the State of Michigan.

Plan membership – At December 31, 2024, pension plan membership consisted of the following:

Inactives currently receiving benefits	21
Inactives not yet receiving benefits	6
Active plan members	<u>12</u>
Total	<u><u>39</u></u>

Benefits provided – The City of Ludington Police Retirement System provides retirement, termination, disability and death benefits. All benefits vest after 10 years of credited service. *Regular Retirement – Eligibility:* Age 50 with 25 or more years of service or age 60 regardless of service. Any age with 25 or more years of service effective December 31, 1993. Hired on or after January 1, 2015: Age 50 with 25 years or more years of service. *Annual Benefit:* Straight life pension equals 2.7% (2.5% if hired on or after January 1, 2015) of top 3 years average out of past 10 years times first 25 years of service plus 1% of average final compensation (AFC) times years of service in excess of 25 years. All plan members are eligible for non-duty disability benefits after 5 or more years of service and for duty-related disability benefits upon hire.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 13: DEFINED BENEFIT PENSION PLANS – POLICE

Duty disability benefits to age 55 are 50% of AFC and non-duty disability retirement benefits to age 55 are 1.5% of AFC. For both, at age 55 they are determined the same as retirement benefits. Duty death benefits are the same amount that was paid by workers' compensation and non-duty death benefits are accrued straight life pension actuarially reduced in accordance with an Option I election.

Contributions – The obligation to contribute to the system for the police employees was established by negotiations between the City Council and the police bargaining unit (union contract). The contract requires the employees to contribute to the plan at a rate of 7% of eligible payroll. The City is required to contribute based on a property tax levy of 1.7500 mills. For the year ended December 31, 2024, the City made contributions from a property tax levy of \$544,630 and the police employees contributed \$68,799.

Investments:

Investment policy – The pension plan's policy in regard to allocation of invested assets is established and may be amended by the Ludington Police Pension Fund Board. It is the policy of the Police Retirement System Board to pursue an investment strategy that reduces the risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's overall long-term investment objective is to earn an average, annual return of 6.85%. Asset classes are selected based on their expected long-term returns, individual reward/risk characteristics, correlation with other asset classes and fulfillment of the pension's long-term financial needs. The Board establishes general allocation ranges for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions.

The Board selects the specific allocation for each asset class based on market valuation opportunities and the risk/reward of each class. The following was the Board's adopted asset allocation policy as of December 31, 2024:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Range Allocation</i>
Common stock	50.0%	40-60%
Fixed income	47.0%	37-57%
Short term (money market)	3.0%	0-13%

Rate of Return – For the year ended December 31, 2024, the recognized rate of investment return based on the smoothed market value was 3.43% (lower than the assumed 7.00%).

Net Pension Liability:

The components of the net pension liability at December 31, 2024, were as follows:

Total pension liability	\$ 10,190,059
Pension fiduciary net position	<u>(7,599,983)</u>
Net pension liability	<u>\$ 2,590,076</u>
Plan fiduciary net position as a percentage of total pension liability	74.58%
Covered payroll	\$ 998,372
Net pension liability as a percentage of covered payroll	259.43%

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 13: DEFINED BENEFIT PENSION PLANS – POLICE

Actuarial assumptions – The total pension liability was determined based on the annual actuarial valuation as of December 31, 2024. Actuarial assumptions were applied to compute the total pension liability: Inflation: 2.5%; Salary Increases: experience-based rates; Investment rate of return: 6.85%, net of investment and administrative expenses including inflation. Mortality rates were based on the Pubs-2010 with MP-2021.

Discount rate – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Projected Cash Flows – Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.85%) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.85%. The municipal bond rate is 4.28% (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.85%.

Changes in net pension liability during the measurement year were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/23	\$ 10,095,030	\$ 7,009,351	\$ 3,085,679
Service cost	211,646	-	211,646
Interest on total pension liability	683,451	-	683,451
Difference between expected and actual experience	(141,470)	-	(141,470)
Changes in assumptions	-	-	-
Employer contributions	-	544,630	(544,630)
Employee contributions	-	68,979	(68,979)
Net investment income	-	690,385	(690,385)
Benefit payments, including employee refunds	(658,598)	(658,598)	-
Administrative expenses	-	(54,764)	54,764
Other changes	-	-	-
Net changes	95,029	590,632	(495,603)
Balances at 12/31/24	<u>\$ 10,190,059</u>	<u>\$ 7,599,983</u>	<u>\$ 2,590,076</u>

The Police net pension liability is recorded as follows:

Governmental activities	<u>\$ 2,590,076</u>
-------------------------	---------------------

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City’s net pension liability, calculated using the discount rate of 6.85%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1% lower (5.85%) or 1% higher (7.85%) than the current rate:

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 13: DEFINED BENEFIT PENSION PLANS – POLICE

	<u>1% Decrease Rate 5.85%</u>	<u>Current Rate 6.85%</u>	<u>1% Increase Rate 7.85%</u>
Net pension liability as of 12/31/24	\$ 3,808,723	\$ 2,590,076	\$ 1,578,602

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2024, the City recognized pension expense of \$745,780. The City reported deferred outflows and inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experiences	\$ -	\$ 252,675
Changes in assumptions	474,162	-
Net difference between projected and actual earnings on pension plan investments	<u>239,468</u>	<u>-</u>
	<u>\$ 713,630</u>	<u>\$ 252,675</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	<u>\$ 713,630</u>	<u>\$ 252,675</u>

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

<u>Year Ended</u>	<u>Amount</u>
2025	\$ 229,583
2026	260,488
2027	41,910
2028	(71,026)

NOTE 14: RETIREE HEALTHCARE TRUST (OPEB)

Plan Description – City of Ludington OPEB Plan is a single employer plan established and administered by the City in accordance with labor contracts and other City personnel policies. A summary of eligibility criteria and benefits provided are as follows:

General Non-Union and SEIU Union – Retiree healthcare benefits no longer apply to any current General Non-Union or SEIU Union Employees. This change was effective June 1, 2020. If a retiree had 20-25 years of service at retirement, the benefit amount is \$100 per month payable until the employee attains Medicare eligibility age. If retiree had 26-30 years of service at retirement, the benefit amount is \$150 per month payable until the employee attains Medicare eligibility age. If retiree had more than 30 years of service at retirement, the benefit amount is \$200 per month payable until the employee attains Medicare eligibility age. There are no benefits for surviving spouses.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 14: RETIREE HEALTHCARE TRUST (OPEB), CONTINUED

General City Clerk and Retired Treasurer – If hired before June 1, 2014, then the earlier of attainment of age 55 with 15 or more years of service or attainment of age 60 with 10 or more years of service (no longer applies to any current General Clerk or General Treasurer who are currently employed or retired after December 31, 2020). If retiree had 25 or more years of service at retirement, the benefit amount is \$250 per month for life. There are no benefits for surviving spouses.

Police Union – Retiree healthcare benefits no longer apply to any current Police Union Employees who are currently employed or retired after December 31, 2020. If an employee retired between January 1, 1989 and December 31, 1993, the benefit is 50% of the premium capped at \$100 per month and is paid out for life; else if an employee retired after December 31, 1993, then the benefit is 50% of the premium capped at \$200 per month and is paid out for life.

Summary of Plan Participants – As of December 31, 2023, Plan membership consisted of the following:

Active members	-
Inactive members	-
Retirees and beneficiaries	<u>15</u>
Total	<u>15</u>

Contributions – The City of Ludington OPEB was established and is being funded under the authority of the City and under agreements with the unions representing various classes of employees. The plan’s funding policy is that the City will fund the plan on a pay-as-you-go basis. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

Assumptions and Methods

The City’s OPEB liability was measured as of December 31, 2024.

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	Not applicable; all participants are retired
Investment rate of return	6.93% (including inflation)
20-year Aa Municipal bond rate	4.28%
Mortality	Public General and Public Safety 2010 Healthy Retiree, Headcount weighted
Improvement scale	IRS 2024 Adjustment Scale MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan’s target asset allocation are summarized in the following table:

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 14: RETIREE HEALTHCARE TRUST (OPEB), CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.16%
Private Assets	20.0%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation is 6.93%.

Discount rate – The discount rate used to measure the total OPEB liability was 4.28%. The projection of cash flows used to determine the discount rate assumed that the City will first use assets to pay benefits and then pay benefits on a pay-as-you-go-basis. Because assets are less than one year of benefit payments, all projected benefits were discounted at a rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2023, the discount rate used to value OPEB liabilities was 4.00%.

Changes in the Net OPEB Liability

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability</i>
Balance at 12/31/23	\$ 402,464	\$ 2,355	\$ 400,109
Service cost	-	-	-
Interest	15,397	-	15,397
Change in plan terms	-	-	-
Experience (gains)/losses	91,010	-	91,010
Change in actuarial assumptions	(12,508)	-	(12,508)
Contributions to OPEB trust	-	-	-
Contributions/benefit paid from general operating funds	-	35,096	(35,096)
Net investment income	-	181	(181)
Benefit payments, including employee refunds	(35,096)	(35,096)	-
Administrative expenses	-	(4)	4
Net changes	58,803	177	58,626
Balance at 12/31/24	<u>\$ 461,267</u>	<u>\$ 2,532</u>	<u>\$ 458,735</u>

The net OPEB liability is recorded as follows:

Governmental activities	<u>\$ 458,735</u>
-------------------------	-------------------

Discount and Trend Rate Sensitivities – The following presents the net OPEB liability (NOL) of the City, calculated using discount rates 1% higher and 1% lower than base assumptions. The benefit is a fixed monthly payment, so the liability is unaffected by trend.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount			
Total OPEB liability	\$ 509,002	\$ 461,268	\$ 421,254
Plan fiduciary net position	<u>2,532</u>	<u>2,532</u>	<u>2,532</u>
Net OPEB liability	<u>\$ 506,470</u>	<u>\$ 458,736</u>	<u>\$ 418,722</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 14: RETIREE HEALTHCARE TRUST (OPEB), CONTINUED

OPEB Expense

Components of the City's OPEB expense for the fiscal year ended December 31, 2024 – Below are the components of the total OPEB expense:

Interest	\$ 15,397
Experience (gains)/losses	91,010
Changes in assumptions	(12,508)
Projected earnings on OPEB plan investments	(165)
Investment earnings (gains)/losses	13
Administrative expenses	<u>4</u>
Total OPEB expense	<u>\$ 93,751</u>

Net OPEB Liability

OPEB plan fiduciary net position – The OPEB plan fiduciary net position as of December 31, 2024 is \$2,532.

Deferred inflows and outflows of resources related to OPEB plan

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Investment earnings (gains)/losses	<u>\$ 68</u>	<u>\$ -</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Governmental activities	<u>\$ 68</u>	<u>\$ -</u>

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

<u><i>Year Ended</i></u>	<u><i>Amount</i></u>
2025	\$ 32
2026	61
2027	(21)
2028	(4)
2029	-
Thereafter	-

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 14: RETIREE HEALTHCARE TRUST (OPEB), CONTINUED

Reconciliation of the net OPEB liability

Net OPEB liability 12/31/23	\$ 400,109
Total OPEB expense	93,751
Contributions	(35,096)
Change in deferred outflows of resources	(29)
Change in deferred inflows of resources	-
Net OPEB liability 12/31/24	<u>\$ 458,735</u>

Total OPEB liability by participant status

Active participants	\$ -
Inactive participants	-
Retirees and beneficiaries	<u>461,267</u>
Total OPEB liability	<u>\$ 461,267</u>

NOTE 15: RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees. The City manages its liability, property, and worker's compensation risk by participating in Michigan Municipal Risk Management Authority, a public entity risk pool providing property, liability, and worker compensation coverage to its participating members. The City pays an annual premium to Michigan Municipal Risk Management Authority for its insurance coverage.

The Michigan Municipal Risk Management Authority is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 16: TAX ABATEMENTS

City Abatements – Industrial Facilities Exemption:

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. PA 198 of 1974, as amended is designed to maintain existing jobs and create new job opportunities for residents by providing substantial property tax incentives to industry to renovate and expand aging manufacturing plants or to build new plants.

An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the City. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 16: TAX ABATEMENTS, CONTINUED

The City Council evaluates all PA 198 applications to determine that a good public purpose for the City would be served, that is, an economic growth, expanded tax base, and job creation. The City has the right to revoke the exemption and the recipient would be responsible to pay to the affecting taxing units an amount equal to those taxes it would have paid had the abatement not been in effect if the recipient is determined to be in violation of the provisions of the written agreement, such as insufficient job creation and/or investment. For the year ended December 31, 2024, the City abated property tax revenues totaling \$6,814 under this program.

Mason County Brownfield Redevelopment Authority Abatements:

PA 381 of 1996, as amended authorized municipalities to create a brownfield redevelopment authority to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property. Individual brownfield plans must be approved by the Mason County Brownfield Redevelopment Authority, the Mason County Board of Commissioners, and the City Council. For the year ended December 31, 2024 there was \$40,438 of property tax revenue abated under this program.

NOTE 17: GOVERNMENTAL FUND BALANCES

Governmental fund balances are classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. The classifications are described in Note 1. The following illustrates the segregation of fund balances of the governmental funds shown on page 17.

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Fund balances:				
Nonspendable:				
Inventory	\$ 28,013	\$ 95,667	\$ -	\$ 123,680
Prepaid expenditures	73,045	132	5,536	78,713
Long-term receivables	20,538	-	-	20,538
Total nonspendable	<u>121,596</u>	<u>95,799</u>	<u>5,536</u>	<u>222,931</u>
Restricted for:				
Capital projects	-	-	22,055	22,055
Cemetery capital improvements	-	-	355,541	355,541
Downtown building rehab	-	-	91,293	91,293
Recreation activities	-	-	36,016	36,016
Rental inspection	-	-	127,218	127,218
Senior center activities	-	-	192,771	192,771
Site assessment	-	-	10	10
State construction code activities	29,113	-	-	29,113
Streets	-	38,172	273,716	311,888
Tree maintenance	-	-	50,732	50,732
Total restricted	<u>29,113</u>	<u>38,172</u>	<u>1,149,352</u>	<u>1,216,637</u>

continued

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 17: GOVERNMENTAL FUND BALANCES, CONTINUED

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Committed for:				
Fire hall construction	44,637	-	-	44,637
Façade improvement program	10,000	-	-	10,000
Total committed	54,637	-	-	54,637
Assigned to:				
Fire department	99,081	-	-	99,081
Unassigned	1,962,019	-	-	1,962,019
Total fund balances	<u>\$ 2,266,446</u>	<u>\$ 133,971</u>	<u>\$ 1,154,888</u>	<u>\$ 3,555,305</u>

NOTE 18: CONTINGENT LIABILITIES

Litigation – The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City’s attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 19: RESTATEMENTS OF FUND BALANCE/NET POSITION

Change in Reporting Entity – For the year 2024, the Special Revenue Fund – Major Street Fund and the Enterprise Fund – Harbor View Marina Fund were reclassified from a nonmajor fund to a major fund due to significant increases in revenues and expenses/expenditures.

Correction of an Error – In a prior year, the City did not properly recognize an expenditure and accounts payable in the Special Revenue Fund – Major Street Fund. If it had been recognized properly, these expenditures would have been capitalized in the government-wide presentation.

Change in Accounting Principle – For the year 2024, the City implemented Governmental Accounting Standards Board Statement No. 101, Compensated Absences which required recognition of additional liability at the beginning of the year.

The effect on the beginning fund balance and net position of the above restatements are shown below:

	<i>Funds</i>				<i>Government- wide</i>
	<i>Major Street Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Harbor View Marina Fund</i>	<i>Nonmajor Enterprise Funds</i>	<i>Governmental Activities</i>
12/31/23, as previously stated	\$ -	\$ 1,864,554	\$ -	\$ 2,060,358	\$ 14,221,247
Change from nonmajor fund to major fund	605,208	(605,208)	1,051,677	(1,051,677)	-
Error correction	(123,111)	-			(14,773)
Change in accounting principle (GASB 101)	-	-	(15,025)	(24,417)	(271,220)
12/31/23, as restated	<u>\$ 482,097</u>	<u>\$ 1,259,346</u>	<u>\$ 1,036,652</u>	<u>\$ 984,264</u>	<u>\$ 13,935,254</u>

CITY OF LUDINGTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 19: RESTATEMENTS OF FUND BALANCE/NET POSITION, CONTINUED

	<i>Funds</i>				<i>Government-wide</i>
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Municipal Marina Fund</i>	<i>Internal Service Funds</i>	<i>Business-type Activities</i>
12/31/23, as previously stated	\$ 9,614,329	\$ 8,436,788	\$ 3,225,845	\$ 2,616,254	\$ 22,988,987
Change in accounting principle (GASB 101)	<u>(36,507)</u>	<u>(42,938)</u>	<u>(15,025)</u>	<u>(12,264)</u>	<u>(133,912)</u>
12/31/23, as restated	<u>\$ 9,577,822</u>	<u>\$ 8,393,850</u>	<u>\$ 3,210,820</u>	<u>\$ 2,603,990</u>	<u>\$ 22,855,075</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LUDINGTON

SCHEDULE OF CHANGES IN THE CITY'S GENERAL (MERS) NET PENSION LIABILITY AND RELATED RATIOS

<i>Calendar Year</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Service cost	\$ 380,020	\$ 343,093	\$ 287,729	\$ 269,724	\$ 242,770
Interest on total pension liability	1,746,610	1,689,976	1,689,596	1,594,644	1,596,703
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(147,775)	230,728	(301,745)	103,914	(205,668)
Changes in assumptions	181,029	-	845,545	871,549	718,740
Benefit payments, including employee refunds	(1,488,400)	(1,442,462)	(1,445,090)	(1,393,129)	(1,412,329)
Other changes	(3,383)	(35,676)	(26,546)	(90,349)	(29,923)
Net change in total pension liability	668,101	785,659	1,049,489	1,356,353	910,293
Total pension liability - beginning	24,645,359	23,859,700	22,810,211	21,453,858	20,543,565
Total pension liability - ending	\$ 25,313,460	\$ 24,645,359	\$ 23,859,700	\$ 22,810,211	\$ 21,453,858
Plan fiduciary net position					
Contributions - employer	\$ 1,137,529	\$ 1,146,055	\$ 1,070,566	\$ 953,972	\$ 856,399
Contributions - employee	88,989	77,741	70,387	62,951	57,702
Net investment income (loss)	1,163,321	1,585,785	(1,698,681)	2,051,213	1,683,905
Benefit payments, including employee refunds	(1,488,400)	(1,442,462)	(1,445,090)	(1,393,129)	(1,412,329)
Administrative expenses	(34,605)	(33,634)	(30,057)	(23,538)	(26,865)
Net change in plan fiduciary net position	866,834	1,333,485	(2,032,875)	1,651,469	1,158,812
Total plan fiduciary net position - beginning	15,589,405	14,255,920	16,288,795	14,637,326	13,478,514
Total plan fiduciary net position - ending	\$ 16,456,239	\$ 15,589,405	\$ 14,255,920	\$ 16,288,795	\$ 14,637,326
City's net pension liability	\$ 8,857,221	\$ 9,055,954	\$ 9,603,780	\$ 6,521,416	\$ 6,816,532
Plan fiduciary net position as a percentage of the total pension liability	65.01%	63.25%	59.75%	71.41%	68.23%
Covered payroll	\$ 2,928,163	\$ 2,651,331	\$ 2,411,695	\$ 2,444,162	\$ 2,242,349
City's net pension liability as a percentage of covered payroll	302.48%	341.56%	398.22%	266.82%	303.99%

continued

CITY OF LUDINGTON

SCHEDULE OF CHANGES IN THE CITY'S GENERAL (MERS) NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

<i>Calendar Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Service cost	\$ 264,449	\$ 249,175	\$ 272,153	\$ 268,117	\$ 274,630
Interest on total pension liability	1,556,892	1,531,270	1,594,693	1,534,351	1,488,915
Changes in benefit terms	-	-	(1,351,475)	-	-
Difference between expected and actual experience	132,966	(76,748)	39,069	(200,065)	-
Changes in assumptions	-	-	-	1,017,300	-
Benefit payments, including employee refunds	(1,373,240)	(1,364,316)	(1,327,415)	(1,224,817)	(1,170,478)
Other changes	(53,046)	(22,681)	10,529	(10,137)	(11,900)
Net change in total pension liability	528,021	316,700	(762,446)	1,384,749	581,167
Total pension liability - beginning	20,015,544	19,698,844	20,461,290	19,076,541	18,495,374
Total pension liability - ending	\$ 20,543,565	\$ 20,015,544	\$ 19,698,844	\$ 20,461,290	\$ 19,076,541
Plan fiduciary net position					
Contributions - employer	\$ 779,955	\$ 746,335	\$ 671,574	\$ 666,237	\$ 595,505
Contributions - employee	49,399	42,356	31,979	23,690	18,451
Net investment income (loss)	1,661,628	(514,626)	1,627,991	1,320,810	(183,641)
Benefit payments, including employee refunds	(1,373,240)	(1,364,316)	(1,327,415)	(1,224,817)	(1,170,478)
Administrative expenses	(28,612)	(25,860)	(25,820)	(26,086)	(27,072)
Net change in plan fiduciary net position	1,089,130	(1,116,111)	978,309	759,834	(767,235)
Total plan fiduciary net position - beginning	12,389,384	13,505,495	12,527,186	11,767,352	12,534,587
Total plan fiduciary net position - ending	\$ 13,478,514	\$ 12,389,384	\$ 13,505,495	\$ 12,527,186	\$ 11,767,352
City's net pension liability	\$ 7,065,051	\$ 7,626,160	\$ 6,193,349	\$ 7,934,104	\$ 7,309,189
Plan fiduciary net position as a percentage of the total pension liability	65.61%	61.90%	68.56%	61.22%	61.68%
Covered payroll	\$ 2,264,199	\$ 2,172,067	\$ 2,153,157	\$ 2,120,040	\$ 2,156,320
City's net pension liability as a percentage of covered payroll	312.03%	351.10%	287.64%	374.24%	338.97%

CITY OF LUDINGTON

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

<i>Calendar Year</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 211,646	\$ 181,036	\$ 178,788	\$ 176,268	\$ 194,879
Interest	683,451	626,665	624,580	622,016	580,536
Changes in benefit terms	-	-	-	-	2,691
Differences between expected and actual experience	(141,470)	15,902	(188,156)	(164,883)	394,116
Changes of assumptions	-	790,269	-	-	-
Benefit payments, including refunds of member contributions	<u>(658,598)</u>	<u>(580,312)</u>	<u>(595,040)</u>	<u>(603,551)</u>	<u>(518,532)</u>
Net change in total pension liability	95,029	1,033,560	20,172	29,850	653,690
Total pension liability - beginning	<u>10,095,030</u>	<u>9,061,470</u>	<u>9,041,298</u>	<u>9,011,448</u>	<u>8,357,758</u>
Total pension liability - ending	<u>\$ 10,190,059</u>	<u>\$ 10,095,030</u>	<u>\$ 9,061,470</u>	<u>\$ 9,041,298</u>	<u>\$ 9,011,448</u>
Plan fiduciary net position					
Contributions - employer	\$ 544,630	\$ 511,727	\$ 488,918	\$ 452,026	\$ 396,690
Contributions - member	68,979	78,215	73,523	70,818	72,394
Net investment income (loss)	690,385	537,608	(724,599)	622,552	416,084
Benefit payments, including refunds of member contributions	(658,598)	(580,312)	(595,040)	(603,551)	(518,532)
Administrative expense	(54,764)	(7,591)	(27,313)	(28,130)	(25,950)
Other	-	-	-	-	(227)
Net change in plan fiduciary net position	590,632	539,647	(784,511)	513,715	340,459
Plan fiduciary net position - beginning	<u>7,009,351</u>	<u>6,469,704</u>	<u>7,254,215</u>	<u>6,740,500</u>	<u>6,400,041</u>
Plan fiduciary net position - ending	<u>\$ 7,599,983</u>	<u>\$ 7,009,351</u>	<u>\$ 6,469,704</u>	<u>\$ 7,254,215</u>	<u>\$ 6,740,500</u>
City's police net pension liability	<u>\$ 2,590,076</u>	<u>\$ 3,085,679</u>	<u>\$ 2,591,766</u>	<u>\$ 1,787,083</u>	<u>\$ 2,270,948</u>
Plan fiduciary net position as a percentage of total pension liability	74.58%	69.43%	71.40%	80.23%	74.80%
Covered payroll	\$ 998,372	\$ 1,080,378	\$ 975,089	\$ 947,503	\$ 965,468
City's police net pension liability as a percentage of covered payroll	259.43%	285.61%	265.80%	188.61%	235.22%

continued

CITY OF LUDINGTON

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

<i>Calendar Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Total pension liability					
Service cost	\$ 176,889	\$ 179,221	\$ 190,509	\$ 242,869	\$ 191,449
Interest	538,072	529,004	500,403	472,965	442,143
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	255,356	(172,490)	119,371	(225,074)	(15,652)
Changes of assumptions	-	-	-	(1,137,187)	1,381,809
Benefit payments, including refunds of member contributions	(421,724)	(388,306)	(403,808)	(404,702)	(373,903)
Net change in total pension liability	548,593	147,429	406,475	(1,051,129)	1,625,846
Total pension liability - beginning	<u>7,809,165</u>	<u>7,661,736</u>	<u>7,255,261</u>	<u>8,306,390</u>	<u>6,680,544</u>
Total pension liability - ending	<u>\$ 8,357,758</u>	<u>\$ 7,809,165</u>	<u>\$ 7,661,736</u>	<u>\$ 7,255,261</u>	<u>\$ 8,306,390</u>
Plan fiduciary net position					
Contributions - employer	\$ 358,729	\$ 320,219	\$ 318,015	\$ 311,720	\$ 306,876
Contributions - member	60,155	58,091	54,288	53,618	53,042
Net investment income (loss)	979,324	(149,752)	578,242	284,547	(3,610)
Benefit payments, including refunds of member contributions	(421,724)	(388,306)	(403,808)	(404,702)	(373,903)
Administrative expense	(7,609)	(7,500)	(6,453)	(7,796)	(66,783)
Other	-	-	-	(130)	-
Net change in plan fiduciary net position	968,875	(167,248)	540,284	237,257	(84,378)
Plan fiduciary net position - beginning	<u>5,431,166</u>	<u>5,598,414</u>	<u>5,058,130</u>	<u>4,820,873</u>	<u>4,905,251</u>
Plan fiduciary net position - ending	<u>\$ 6,400,041</u>	<u>\$ 5,431,166</u>	<u>\$ 5,598,414</u>	<u>\$ 5,058,130</u>	<u>\$ 4,820,873</u>
City's police net pension liability	<u>\$ 1,957,717</u>	<u>\$ 2,377,999</u>	<u>\$ 2,063,322</u>	<u>\$ 2,197,131</u>	<u>\$ 3,485,517</u>
Plan fiduciary net position as a percentage of total pension liability	76.58%	69.55%	73.07%	69.72%	58.04%
Covered payroll	\$ 992,362	\$ 906,667	\$ 933,791	\$ 885,272	\$ 852,255
City's police net pension liability as a percentage of covered payroll	197.28%	262.28%	220.96%	248.19%	408.98%

CITY OF LUDINGTON

SCHEDULE OF CITY GENERAL (MERS) DEFINED BENEFIT PENSION CONTRIBUTIONS Last Ten Calendar Years

<i>Year Ended December 31,</i>	<i>Actuarially Determined Contribution</i>	<i>Contributions in Relation to the Actuarially Determined Contribution</i>	<i>Contributions Deficiency (Excess)</i>	<i>Covered Payroll</i>	<i>Actuarially Determined Contribution as a Percentage Covered Payroll</i>
2015	\$ 559,505	\$ 595,505	\$ (36,000)	\$ 2,156,320	25.95%
2016	630,237	666,237	(36,000)	2,120,040	29.73%
2017	574,990	671,574	(96,584)	2,153,157	26.70%
2018	619,459	746,335	(126,876)	2,172,067	28.52%
2019	653,079	779,955	(126,876)	2,264,199	28.84%
2020	729,523	856,399	(126,876)	2,242,349	32.53%
2021	827,096	953,972	(126,876)	2,444,162	33.84%
2022	944,076	1,070,952	(126,876)	2,411,695	39.15%
2023	892,303	1,146,055	(253,752)	2,651,331	33.65%
2024	1,010,653	1,137,529	(126,876)	2,928,163	34.51%

Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31, 12 months prior to the beginning of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open and closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Rate of wage inflation	3.00%
Investment rate of return	6.93%, net of investment and administrative expenses including inflation
Retirement age	50-60 years of age depending on years of credited services
Mortality	Based on a version of Pub-2010 and fully generational MP-2019

CITY OF LUDINGTON

SCHEDULE OF CITY POLICE DEFINED BENEFIT PENSION CONTRIBUTIONS Last Ten Calendar Years

<i>Year Ended December 31,</i>	<i>Actuarially Determined Contribution</i>	<i>Contributions in Relation to the Actuarially Determined Contribution</i>	<i>Contributions Deficiency (Excess)</i>	<i>Covered Payroll</i>	<i>Contributions as a Percentage Covered Payroll</i>
2015	\$ 259,963	\$ 306,876	\$ (46,913)	\$ 852,255	30.50%
2016	252,182	311,491	(59,309)	885,272	28.49%
2017	253,896	318,015	(64,119)	933,791	27.19%
2018	253,337	320,219	(66,882)	906,667	27.94%
2019	255,227	358,729	(103,502)	992,362	25.72%
2020	282,029	396,690	(114,661)	965,468	29.21%
2021	319,978	452,026	(132,048)	947,503	33.77%
2022	301,743	488,918	(187,175)	975,089	30.95%
2023	286,992	511,727	(224,735)	1,080,378	26.56%
2024	418,118	544,630	(126,512)	998,372	54.55%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Calculation timing	Actuarially determined contribution is calculated using a December 31, 2023 valuation date
Investment rate of return	6.85%
Amortization method	Level percentage of payroll method over a closed period
Amortization period for unfunded actuarial accrued liability	12 years
Asset valuation method	4 years smoothed market
Inflation	2.50%
Salary scale	Service-based table
Mortality rate	Public-2010 Tables
Mortality improvement type	Projected 5 years past the valuation date

CITY OF LUDINGTON

**SCHEDULE OF CITY POLICE DEFINED BENEFIT PENSION
INVESTMENT RETURNS**

<i><u>Year Ended December 31,</u></i>	<i><u>Annual Return</u></i>
2024	4.03%
2023	3.43%
2022	5.22%
2021	7.66%
2020	6.75%

CITY OF LUDINGTON

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	15,397	21,827	14,526	13,337
Changes in plan terms	-	-	-	-
Differences between expected and actual experience	91,010	(114,601)	(3,325)	(2,999)
Changes in assumptions	(12,508)	6,757	(111,927)	(13,724)
Benefit payments (including refunds of employee contributions)	<u>(35,096)</u>	<u>(35,879)</u>	<u>(41,000)</u>	<u>(43,182)</u>
Net change in total OPEB liability	58,803	(121,896)	(141,726)	(46,568)
Total OPEB liability - beginning	<u>402,464</u>	<u>524,360</u>	<u>666,086</u>	<u>712,654</u>
Total OPEB liability - ending	<u>\$ 461,267</u>	<u>\$ 402,464</u>	<u>\$ 524,360</u>	<u>\$ 666,086</u>
Plan fiduciary net position				
Contributions to OPEB trust	\$ -	\$ -	\$ -	\$ -
Contributions/benefit paid from general operating funds	35,096	35,879	41,000	43,182
Net investment income	181	246	(246)	293
Benefit payments (including refunds of employee contributions)	(35,096)	(35,879)	(41,000)	(43,182)
Administrative expense	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>
Net change in plan fiduciary net position	177	242	(250)	289
Plan fiduciary net position - beginning	<u>2,355</u>	<u>2,113</u>	<u>2,363</u>	<u>2,074</u>
Plan fiduciary net position - ending	<u>\$ 2,532</u>	<u>\$ 2,355</u>	<u>\$ 2,113</u>	<u>\$ 2,363</u>
City's net OPEB liability	<u>\$ 458,735</u>	<u>\$ 400,109</u>	<u>\$ 522,247</u>	<u>\$ 663,723</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.55%	0.59%	0.40%	0.35%
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -
City's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Note: GASB Statement No. 75 was implemented for year ended December 31, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is displayed. Information presented in this schedule is as of the measurement date of December 31 of each year.

* Because the plan is closed to all currently active members, there is no covered-employee payroll to report after 2018.

continued

CITY OF LUDINGTON

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS, CONTINUED

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ -	\$ 21,509	\$ 20,883
Interest	20,146	31,537	31,288
Changes in plan terms	-	(369,454)	-
Differences between expected and actual experience	(1,890)	(37,409)	-
Changes in assumptions	97,998	(13,971)	-
Benefit payments (including refunds of employee contributions)	(43,135)	(44,808)	(44,158)
Net change in total OPEB liability	73,119	(412,596)	8,013
Total OPEB liability - beginning	639,535	1,052,131	1,044,118
Total OPEB liability - ending	<u>\$ 712,654</u>	<u>\$ 639,535</u>	<u>\$ 1,052,131</u>
Plan fiduciary net position			
Contributions to OPEB trust	\$ -	\$ 1,100	\$ 600
Contributions/benefit paid from general operating funds	43,135	44,808	44,158
Net investment income	243	137	-
Benefit payments (including refunds of employee contributions)	(43,135)	(44,808)	(44,158)
Administrative expense	(4)	(2)	-
Net change in plan fiduciary net position	239	1,235	600
Plan fiduciary net position - beginning	1,835	600	-
Plan fiduciary net position - ending	<u>\$ 2,074</u>	<u>\$ 1,835</u>	<u>\$ 600</u>
City's net OPEB liability	<u>\$ 710,580</u>	<u>\$ 637,700</u>	<u>\$ 1,051,531</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.29%	0.29%	0.06%
Covered-employee payroll*	\$ -	\$ -	\$ 2,239,812
City's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	46.95%

CITY OF LUDINGTON

SCHEDULE OF CITY OPEB CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 35,986	\$ 45,851	\$ 47,416	\$ 47,106	\$ 45,551
Employer contribution	<u>35,096</u>	<u>35,879</u>	<u>41,000</u>	<u>43,182</u>	<u>43,135</u>
Contribution (excess) deficiency	<u>\$ 890</u>	<u>\$ 9,972</u>	<u>\$ 6,416</u>	<u>\$ 3,924</u>	<u>\$ 2,416</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Actuarially determined contributions as a percentage of covered- employee payroll	N/A	N/A	N/A	N/A	N/A
	<u>2019</u>	<u>2018</u>			
Actuarially determined contribution	\$ 92,833	\$ 170,250			
Employer contribution	<u>45,908</u>	<u>44,758</u>			
Contribution (excess) deficiency	<u>\$ 46,925</u>	<u>\$ 125,492</u>			
Covered-employee payroll	<u>\$ -</u>	<u>\$ 2,239,812</u>			
Actuarially determined contributions as a percentage of covered- employee payroll	N/A	7.60%			

Notes to Schedule

Because the plan is closed to all currently active members, there is no covered payroll to report after 2018.

Note: GASB Statement No. 75 was implemented for year ended December 31, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of data is displayed.

**SCHEDULE OF CITY OPEB
INVESTMENT RETURNS**

<i><u>Year Ended December 31,</u></i>	<i><u>Annual Return</u></i>
2024	7.71%
2023	11.64%
2022	-10.36%
2021	13.46%

CITY OF LUDINGTON

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances</i>
	<i>Original</i>	<i>Final</i>		<i>with Final Budget Favorable (Unfavorable)</i>
Revenues:				
Property taxes	\$ 4,476,000	\$ 4,565,400	\$ 4,565,007	\$ (393)
Special assessments	50,000	37,600	31,154	(6,446)
Licenses and permits	117,500	124,800	170,317	45,517
Federal grants	270,000	369,300	63,648	(305,652)
State grants	2,002,600	1,924,900	1,923,701	(1,199)
Contributions from other units	16,900	30,700	30,765	65
Charges for services	766,700	773,300	782,433	9,133
Fines and forfeits	20,500	20,500	22,264	1,764
Interest and rents	141,800	212,800	225,353	12,553
Other revenue	23,300	118,500	123,686	5,186
Total revenues	<u>7,885,300</u>	<u>8,177,800</u>	<u>7,938,328</u>	<u>(239,472)</u>
Expenditures:				
Current				
General government				
Council and Mayor	63,800	47,800	45,301	2,499
Manager	376,500	422,500	433,270	(10,770)
Clerk	415,500	443,000	435,811	7,189
Board of review	3,900	4,900	4,400	500
Treasurer	203,700	222,200	224,603	(2,403)
Assessor and Building inspector	265,500	251,800	243,970	7,830
Elections	82,900	93,400	89,472	3,928
Hall and grounds	189,725	195,625	183,124	12,501
Attorney	113,400	147,400	163,239	(15,839)
Other property	5,800	5,800	4,014	1,786
Downtown property	163,400	190,900	193,955	(3,055)
Board of ethics	200	200	-	200
Insurance and bonds	38,800	36,700	36,614	86
Total general government	<u>1,923,125</u>	<u>2,062,225</u>	<u>2,057,773</u>	<u>4,452</u>
Public safety				
Police	2,211,200	2,289,700	2,196,614	93,086
Special police	118,100	119,400	115,192	4,208
Fire	307,400	322,000	283,317	38,683
Total public safety	<u>2,636,700</u>	<u>2,731,100</u>	<u>2,595,123</u>	<u>135,977</u>
Public works				
Department of public works	627,600	627,600	580,610	46,990
Sidewalk construction	100,500	75,500	71,411	4,089
Street lighting	115,100	123,500	130,477	(6,977)
Garbage and rubbish	981,400	990,200	975,650	14,550
Cemetery	289,000	289,000	274,905	14,095
Total public works	<u>2,113,600</u>	<u>2,105,800</u>	<u>2,033,053</u>	<u>72,747</u>

continued

CITY OF LUDINGTON

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended December 31, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Health and welfare				
Deer cull	19,500	19,500	18,180	1,320
Community and economic development				
Planning	42,500	30,000	22,674	7,326
Economic and community development	155,200	155,200	151,503	3,697
Total community and economic development	197,700	185,200	174,177	11,023
Recreation and culture				
Parks	677,200	677,200	643,495	33,705
Beach safety	43,800	23,700	22,339	1,361
Launching ramps	77,000	77,000	75,789	1,211
Total recreation and culture	798,000	777,900	741,623	36,277
Capital outlay	300,000	396,300	44,419	351,881
Debt service	23,475	23,475	23,475	-
Total expenditures	8,012,100	8,301,500	7,687,823	613,677
Excess (deficiency) of revenues over (under) expenditures	(126,800)	(123,700)	250,505	374,205
Other financing sources (uses):				
Interfund transfers in	8,800	16,300	17,904	1,604
Interfund transfers out	(94,400)	(315,400)	(315,385)	15
Net other financing sources (uses)	(85,600)	(299,100)	(297,481)	1,619
Change in fund balance	(212,400)	(422,800)	(46,976)	375,824
Fund balance, beginning of year	2,313,422	2,313,422	2,313,422	-
Fund balance, end of year	<u>\$ 2,101,022</u>	<u>\$ 1,890,622</u>	<u>\$ 2,266,446</u>	<u>\$ 375,824</u>

CITY OF LUDINGTON

SPECIAL REVENUE FUND – MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
State grants	\$ 1,183,500	\$ 849,000	\$ 809,811	\$ (39,189)
Charges for services	30,000	14,000	21,789	7,789
Interest and rents	1,100	11,300	10,692	(608)
Other revenue	800	8,700	8,706	6
Total revenues	<u>1,215,400</u>	<u>883,000</u>	<u>850,998</u>	<u>(32,002)</u>
Expenditures:				
Current				
Public works	440,000	385,205	337,840	47,365
Capital outlay	<u>780,100</u>	<u>861,284</u>	<u>861,284</u>	<u>-</u>
Total expenditures	<u>1,220,100</u>	<u>1,246,489</u>	<u>1,199,124</u>	<u>47,365</u>
Change in fund balance	(4,700)	(363,489)	(348,126)	15,363
Fund balance, beginning of year, as previously stated	605,208	605,208	605,208	-
Error correction	<u>-</u>	<u>(123,111)</u>	<u>(123,111)</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>605,208</u>	<u>482,097</u>	<u>482,097</u>	<u>-</u>
Fund balance, end of year	<u>\$ 600,508</u>	<u>\$ 118,608</u>	<u>\$ 133,971</u>	<u>\$ 15,363</u>

SUPPLEMENTARY INFORMATION

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 December 31, 2024

	<i>Special Revenue Funds</i>		
	<i>Local Street Fund</i>	<i>Recreation Fund</i>	<i>Senior Center Fund</i>
Assets:			
Cash and cash equivalents	\$ 216,853	\$ 37,060	\$ 200,512
Accounts receivable	-	4,884	1,139
Accrued interest receivable	367	66	326
Due from other governments	64,112	-	-
Prepaid expenditures	1,988	369	3,146
Total assets	\$ 283,320	\$ 42,379	\$ 205,123
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 3,076	\$ 2,349	\$ 1,541
Accrued expenses	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	127
Accrued wages payable	4,540	592	6,098
Unearned revenue	-	3,053	1,440
Total liabilities	7,616	5,994	9,206
Fund balances:			
Nonspendable	1,988	369	3,146
Restricted	273,716	36,016	192,771
Total fund balances	275,704	36,385	195,917
Total liabilities and fund balances	\$ 283,320	\$ 42,379	\$ 205,123

continued

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET, CONTINUED
 December 31, 2024

	<i>Special Revenue Funds</i>			
	<i>Tree Maintenance Fund</i>	<i>Building Rehab Fund</i>	<i>Rental Inspection Fund</i>	<i>Site Assessment Fund</i>
Assets:				
Cash and cash equivalents	\$ 50,641	\$ 93,153	\$ 121,413	\$ 10
Accounts receivable	-	-	9,785	-
Accrued interest receivable	91	-	210	-
Due from other governments	-	-	-	-
Prepaid expenditures	-	-	33	-
	-	-	33	-
Total assets	\$ 50,732	\$ 93,153	\$ 131,441	\$ 10
Liabilities and Fund Balances:				
<i>Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ 17	\$ -
Accrued expenses	-	-	2,054	-
Due to other governments	-	1,860	-	-
Deposits payable	-	-	-	-
Accrued wages payable	-	-	2,119	-
Unearned revenue	-	-	-	-
	-	-	-	-
Total liabilities	-	1,860	4,190	-
<i>Fund balances:</i>				
Nonspendable	-	-	33	-
Restricted	50,732	91,293	127,218	10
	50,732	91,293	127,251	10
Total fund balances	50,732	91,293	127,251	10
Total liabilities and fund balances	\$ 50,732	\$ 93,153	\$ 131,441	\$ 10

continued

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET, CONTINUED
 December 31, 2024

	<i>Special Revenue Fund</i>	<i>Capital Projects Fund</i>		<i>Cemetery Capital Improvement Fund</i>	<i>W. Ludington Avenue Project Fund</i>	<i>Total</i>
Assets:						
Cash and cash equivalents	\$ 354,901	\$ 22,055	\$	1,096,598		
Accounts receivable	-	-		15,808		
Accrued interest receivable	640	-		1,700		
Due from other governments	-	-		64,112		
Prepaid expenditures	-	-		5,536		
	-	-		5,536		
Total assets	\$ 355,541	\$ 22,055	\$	1,183,754		
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$	6,983		
Accrued expenses	-	-		2,054		
Due to other governments	-	-		1,860		
Deposits payable	-	-		127		
Accrued wages payable	-	-		13,349		
Unearned revenue	-	-		4,493		
	-	-		4,493		
Total liabilities	-	-		28,866		
Fund balances:						
Nonspendable	-	-		5,536		
Restricted	355,541	22,055		1,149,352		
	355,541	22,055		1,154,888		
Total fund balances	355,541	22,055		1,154,888		
Total liabilities and fund balances	\$ 355,541	\$ 22,055	\$	1,183,754		

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended December 31, 2024

	<i>Special Revenue Funds</i>			
	<i>Formerly Nonmajor</i>			
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Recreation Fund</i>	<i>Senior Center Fund</i>
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ 14,958
State grants	-	423,953	-	4,649
Contributions from other units	-	-	20,000	240,368
Charges for services	-	-	20,117	49,384
Interest and rents	-	16,799	1,869	9,794
Other revenue	-	2,475	89	31,605
Total revenues	<u>-</u>	<u>443,227</u>	<u>42,075</u>	<u>350,758</u>
Expenditures:				
Current				
Public safety	-	-	-	-
Public works	-	624,300	-	-
Health and welfare	-	-	-	299,300
Recreation and culture	-	-	67,408	-
Capital outlay	-	-	-	12,560
Debt service	-	-	-	-
Total expenditures	<u>-</u>	<u>624,300</u>	<u>67,408</u>	<u>311,860</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(181,073)</u>	<u>(25,333)</u>	<u>38,898</u>
Other financing sources (uses):				
Interfund transfers in	-	-	42,000	-
Interfund transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>-</u>
Changes in fund balances	<u>-</u>	<u>(181,073)</u>	<u>16,667</u>	<u>38,898</u>
Fund balances, beginning of year, as previously stated	605,208	456,777	19,718	157,019
Error correction	(123,111)	-	-	-
Change within reporting entity (nonmajor to major fund)	<u>(482,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year, as restated	<u>-</u>	<u>456,777</u>	<u>19,718</u>	<u>157,019</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 275,704</u>	<u>\$ 36,385</u>	<u>\$ 195,917</u>

continued

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES, CONTINUED**
 Year Ended December 31, 2024

	<i>Special Revenue Funds</i>			
	<i>Tree Maintenance Fund</i>	<i>Building Rehab Fund</i>	<i>Rental Inspection Fund</i>	<i>Site Assessment Fund</i>
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Contributions from other units	-	-	-	-
Charges for services	-	-	48,751	-
Interest and rents	1,199	-	7,319	-
Other revenue	50,000	-	-	-
Total revenues	51,199	-	56,070	-
Expenditures:				
Current				
Public safety	-	-	107,427	-
Public works	467	-	-	-
Health and welfare	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	467	-	107,427	-
Excess (deficiency) of revenues over expenditures	50,732	-	(51,357)	-
Other financing sources (uses):				
Interfund transfers in	-	-	-	-
Interfund transfers out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
Changes in fund balances	50,732	-	(51,357)	-
Fund balances, beginning of year, as previously stated	-	91,293	178,608	10
Error correction	-	-	-	-
Change within reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances, beginning of year, as restated	-	91,293	178,608	10
Fund balances, end of year	\$ 50,732	\$ 91,293	\$ 127,251	\$ 10

continued

CITY OF LUDINGTON

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended December 31, 2024

	<i>Special Revenue Fund</i>	<i>Debt Service Fund</i>	<i>Capital Projects Fund</i>	
	<i>Cemetery Capital Improvement Fund</i>	<i>Fire Station Debt Fund</i>	<i>W. Ludington Avenue Project Fund</i>	<i>Total</i>
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ 14,958
State grants	-	-	-	428,602
Contributions from other units	-	-	-	260,368
Charges for services	21,675	-	-	139,927
Interest and rents	17,904	-	-	54,884
Other revenue	-	-	-	84,169
Total revenues	<u>39,579</u>	<u>-</u>	<u>-</u>	<u>982,908</u>
Expenditures:				
Current				
Public safety	-	-	-	107,427
Public works	-	-	-	624,767
Health and welfare	-	-	-	299,300
Recreation and culture	-	-	-	67,408
Capital outlay	-	-	-	12,560
Debt service	-	52,385	-	52,385
Total expenditures	<u>-</u>	<u>52,385</u>	<u>-</u>	<u>1,163,847</u>
Excess (deficiency) of revenues over expenditures	<u>39,579</u>	<u>(52,385)</u>	<u>-</u>	<u>(180,939)</u>
Other financing sources (uses):				
Interfund transfers in	-	52,385	-	94,385
Interfund transfers out	(17,904)	-	-	(17,904)
Net other financing sources (uses)	<u>(17,904)</u>	<u>52,385</u>	<u>-</u>	<u>76,481</u>
Changes in fund balances	<u>21,675</u>	<u>-</u>	<u>-</u>	<u>(104,458)</u>
Fund balances, beginning of year, as previously stated	333,866	-	22,055	1,864,554
Error correction	-	-	-	(123,111)
Change within reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,097)</u>
Fund balances, beginning of year, as restated	<u>333,866</u>	<u>-</u>	<u>22,055</u>	<u>1,259,346</u>
Fund balances, end of year	<u>\$ 355,541</u>	<u>\$ -</u>	<u>\$ 22,055</u>	<u>\$ 1,154,888</u>

CITY OF LUDINGTON

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
 December 31, 2024

	<i>Motor Pool Fund</i>	<i>Technology Fund</i>	<i>Total</i>
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 245,930	\$ 34,447	\$ 280,377
Accounts receivable	667	-	667
Accrued interest receivable	374	-	374
Due from other governments	1,657	-	1,657
Inventory	107,749	-	107,749
Prepaid expenses	36,825	10,224	47,049
Total current assets	393,202	44,671	437,873
<i>Noncurrent assets:</i>			
Capital assets not being depreciated	4,250	-	4,250
Capital assets being depreciated, net	2,708,472	10,528	2,719,000
Total noncurrent assets	2,712,722	10,528	2,723,250
Total assets	3,105,924	55,199	3,161,123
Deferred outflows of resources:			
Related to pension	55,827	-	55,827
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	27,504	7,646	35,150
Accrued wages payable	9,499	-	9,499
Total current liabilities	37,003	7,646	44,649
<i>Noncurrent liabilities:</i>			
Compensated absences payable	21,679	-	21,679
Net pension liability	500,240	-	500,240
Total noncurrent liabilities	521,919	-	521,919
Total liabilities	558,922	7,646	566,568
Deferred inflows of resources:			
Related to pension	3,609	-	3,609
Net position:			
Investment in capital assets	2,712,722	10,528	2,723,250
Unrestricted (deficit)	(113,502)	37,025	(76,477)
Total net position	\$ 2,599,220	\$ 47,553	\$ 2,646,773

CITY OF LUDINGTON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2024

	<i>Motor Pool</i> <u>Fund</u>	<i>Technology</i> <u>Fund</u>	<u>Total</u>
Operating revenues:			
Equipment rental - interfund charges	\$ 1,172,939	\$ 173,135	\$ 1,346,074
Other	39,077	-	39,077
Total operating revenues	<u>1,212,016</u>	<u>173,135</u>	<u>1,385,151</u>
Operating expenses:			
Personal services	401,526	-	401,526
Contracted services	31,177	124,420	155,597
Administrative expense	43,700	-	43,700
Insurance	66,174	-	66,174
Utilities	33,444	-	33,444
Repairs and maintenance	102,555	-	102,555
Other services and expenses	204,800	45,082	249,882
Depreciation	371,097	3,633	374,730
Total operating expenses	<u>1,254,473</u>	<u>173,135</u>	<u>1,427,608</u>
Operating income (loss)	<u>(42,457)</u>	<u>-</u>	<u>(42,457)</u>
Non-operating revenues (expenses):			
Interest income	14,147	-	14,147
Sales of capital assets	5,100	-	5,100
Net non-operating revenues	<u>19,247</u>	<u>-</u>	<u>19,247</u>
Changes in net position before capital contributions	(23,210)	-	(23,210)
Capital contributions - federal grant	13,637	-	13,637
Capital contributions - local grant	<u>52,356</u>	<u>-</u>	<u>52,356</u>
Changes in net position	<u>42,783</u>	<u>-</u>	<u>42,783</u>
Net position, beginning of year, as previously stated	2,568,701	47,553	2,616,254
Adjustment for change in accounting principle	<u>(12,264)</u>	<u>-</u>	<u>(12,264)</u>
Net position, beginning of year, as restated	<u>2,556,437</u>	<u>47,553</u>	<u>2,603,990</u>
Net position, end of year	<u>\$ 2,599,220</u>	<u>\$ 47,553</u>	<u>\$ 2,646,773</u>

CITY OF LUDINGTON

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
 Year Ended December 31, 2024

	<i>Motor Pool Fund</i>	<i>Technology Fund</i>	<i>Total</i>
Cash flows from operating activities:			
Cash received from customers	\$ 38,128	\$ -	\$ 38,128
Cash received from interfund services	1,172,939	173,135	1,346,074
Cash payments to employees and on behalf of employees	(375,799)	-	(375,799)
Cash payments to suppliers for goods and services	<u>(485,234)</u>	<u>(171,899)</u>	<u>(657,133)</u>
Net cash provided (used) by operating activities	<u>350,034</u>	<u>1,236</u>	<u>351,270</u>
Cash flows from capital and related financing activities:			
Capital contributions	65,993	-	65,993
Proceeds from sale of capital assets	5,100	-	5,100
Acquisition of capital assets	<u>(408,496)</u>	<u>(5,556)</u>	<u>(414,052)</u>
Net cash used by capital and related financing activities	<u>(337,403)</u>	<u>(5,556)</u>	<u>(342,959)</u>
Cash flows from investing activities:			
Interest received	<u>14,121</u>	<u>-</u>	<u>14,121</u>
Change in cash and cash equivalents	26,752	(4,320)	22,432
Cash and cash equivalents, beginning of year	<u>219,178</u>	<u>38,767</u>	<u>257,945</u>
Cash and cash equivalents, end of year	<u>\$ 245,930</u>	<u>\$ 34,447</u>	<u>\$ 280,377</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income	\$ (42,457)	\$ -	\$ (42,457)
Adjustments:			
Depreciation	371,097	3,633	374,730
Change in assets and liabilities:			
Due from other governments	(282)	-	(282)
Inventory	(23,086)	-	(23,086)
Prepaid expenses	1,052	(683)	369
Accounts payable	18,650	(1,714)	16,936
Accrued wages payable	1,236	-	1,236
Compensated absences payable	174	-	174
Net pension liability and related deferred amounts	<u>24,317</u>	<u>-</u>	<u>24,317</u>
Net cash provided (used) by operating activities	<u>\$ 350,034</u>	<u>\$ 1,236</u>	<u>\$ 351,270</u>

CITY OF LUDINGTON

FIDUCIARY FUNDS – PENSION (AND OTHER POSTEMPLOYMENT) TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

December 31, 2024

	<i>Police Pension Trust Fund</i>	<i>Police Greenwood Fund</i>	<i>OPEB Fund</i>	<i>Total</i>
Assets:				
Cash and cash equivalents	\$ 718,171	\$ 14,062	\$ -	\$ 732,233
Investments at fair value				
Equity securities	7,436,012	-	-	7,436,012
Money market	-	-	2,532	2,532
Taxes receivable	31,888	-	-	31,888
Total assets	<u>8,186,071</u>	<u>14,062</u>	<u>2,532</u>	<u>8,202,665</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	586,088	-	-	586,088
Net position:				
Restricted for:				
Pension benefits	7,599,983	14,062	-	7,614,045
Retiree healthcare benefits	-	-	2,532	2,532
Total net position	<u>\$ 7,599,983</u>	<u>\$ 14,062</u>	<u>\$ 2,532</u>	<u>\$ 7,616,577</u>

CITY OF LUDINGTON

FIDUCIARY FUNDS – PENSION (AND OTHER POSTEMPLOYMENT) TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2024

	<i>Police Pension Trust Fund</i>	<i>Police Greenwood Fund</i>	<i>OPEB Fund</i>	<i>Total</i>
Additions:				
Contributions:				
Employer/Property taxes	\$ 544,630	\$ -	\$ -	\$ 544,630
Employee	68,979	-	-	68,979
Total contributions	613,609	-	-	613,609
Investment earnings:				
Interest and dividends	299,433	859		300,292
Net increase in fair value of investments	390,953	-	181	391,134
Net investment earnings	690,386	859	181	691,426
Total additions	1,303,995	859	181	1,305,035
Deductions:				
Benefit payments	658,599	5,700	-	664,299
Administrative fees	54,764	-	4	54,768
Total deductions	713,363	5,700	4	719,067
Net increase (decrease)	590,632	(4,841)	177	585,968
Net position, beginning of year	7,009,351	18,903	2,355	7,030,609
Net position, end of year	<u>\$ 7,599,983</u>	<u>\$ 14,062</u>	<u>\$ 2,532</u>	<u>\$ 7,616,577</u>

CITY OF LUDINGTON

FIDUCIARY FUNDS – CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
 December 31, 2024

	<i>Tax Collection Fund</i>	<i>Cultural Economic Development Fund</i>	<i>Splash Pad Fund</i>	<i>Starfish Buy Back Fund</i>	<i>Total</i>
Assets:					
Cash and cash equivalents	\$ 443,196	\$ 13,776	\$ 37,951	\$ 1,577	\$ 496,500
Investments	-	-	-	-	-
Total assets	443,196	13,776	37,951	1,577	496,500
Liabilities:					
Accounts payable	1,797	-	-	1,577	3,374
Undistributed tax collections	441,399	-	-	-	441,399
Total liabilities	443,196	-	-	1,577	444,773
Net position:					
Restricted for:					
Individuals, organizations, and other governments	-	13,776	37,951	-	51,727
Total net position	\$ -	\$ 13,776	\$ 37,951	\$ -	\$ 51,727

CITY OF LUDINGTON

FIDUCIARY FUNDS – CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2024

	<i>Tax Collection Fund</i>	<i>Cultural Economic Development Fund</i>	<i>Splash Pad Fund</i>	<i>Starfish Buy Back Fund</i>	<i>Total</i>
Additions:					
Contributions:					
Gifts and bequests	\$ -	\$ 4,788	\$ -	\$ -	\$ 4,788
Federal grants	-	-	-	-	-
Total contributions	-	4,788	-	-	4,788
Investment earnings:					
Interest	-	-	1	-	1
Property tax collections for other governments	11,273,917	-	-	-	11,273,917
Total additions	11,273,917	4,788	1	-	11,278,706
Deductions:					
Payments on behalf of organizations					
	-	21,770	-	2,727	24,497
Property tax collections to other governments	11,273,917	-	-	-	11,273,917
Total deductions	11,273,917	21,770	-	2,727	11,298,414
Net increase (decrease)	-	(16,982)	1	(2,727)	(19,708)
Net position, beginning of year	-	30,758	37,950	2,727	71,435
Net position, end of year	\$ -	\$ 13,776	\$ 37,951	\$ -	\$ 51,727

CITY OF LUDINGTON

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET

December 31, 2024

Assets:

Cash and cash equivalents	\$ 507,547
Taxes receivable	1,775
Accrued interest receivable	300
Prepaid expenditures	<u>500</u>
Total assets	<u>\$ 510,122</u>

Liabilities:

Accounts payable	\$ 8,277
Unearned revenue	<u>63,484</u>
Total liabilities	<u>71,761</u>

Deferred inflows of resources:

Unavailable revenue - property taxes	<u>142,726</u>
--------------------------------------	----------------

Fund balance:

Unassigned	<u>295,635</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 510,122</u>

RECONCILIATION OF FUND BALANCE TO NET POSITION:

Fund balance for component unit	\$ 295,635
--	------------

Net position reported for the component unit in the statement of net position is different because:

Capital assets used in the component unit are not financial resources and therefore are not reported in the fund statement.

Capital assets not being depreciated	32,916
Capital assets being depreciated, net	<u>2,109,753</u>
Net position of component unit	<u>\$ 2,438,304</u>

CITY OF LUDINGTON

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended December 31, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes	\$ 121,100	\$ 121,100	\$ 121,499	\$ 399
State grants	10,600	10,600	11,960	1,360
Charges for services	1,600	1,600	6,049	4,449
Interest and rents	700	700	10,240	9,540
Other revenue	-	-	73,117	73,117
Total revenues	<u>134,000</u>	<u>134,000</u>	<u>222,865</u>	<u>88,865</u>
Expenditures:				
Current				
Community and economic development	<u>55,700</u>	<u>55,700</u>	<u>135,681</u>	<u>(79,981)</u>
Change in fund balance	78,300	78,300	87,184	8,884
Fund balance, beginning of year	<u>208,451</u>	<u>208,451</u>	<u>208,451</u>	<u>-</u>
Fund balance, end of year	<u>\$ 286,751</u>	<u>\$ 286,751</u>	<u>\$ 295,635</u>	<u>\$ 8,884</u>

RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:

Change in fund balance \$ 87,184

Change in net position of the component unit in the statement of activities is different because:

The component units report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Purchases of capital assets	-
Depreciation expense	<u>(107,803)</u>
Change in net position	<u>\$ (20,619)</u>

CITY OF LUDINGTON

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2018 GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS

Issue dated June 6, 2018 in the amount of	\$ 1,200,000
Less: Principal paid in prior years	(142,000)
Principal paid in current year	<u>(18,000)</u>
Balance payable at December 31, 2024	<u>\$ 1,040,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	3.250%	\$ 16,900	\$ 16,900	\$ 19,000	\$ 52,800
2026	3.250%	16,591	16,591	19,000	52,182
2027	3.250%	16,283	16,283	20,000	52,566
2028	3.250%	15,958	15,958	21,000	52,916
2029	3.250%	15,616	15,616	21,000	52,232
2030	3.250%	15,275	15,275	22,000	52,550
2031	3.250%	14,918	14,918	23,000	52,836
2032	3.250%	14,544	14,544	23,000	52,088
2033	3.250%	14,170	14,170	24,000	52,340
2034	3.250%	13,780	13,780	25,000	52,560
2035	3.250%	13,374	13,374	26,000	52,748
2036	3.250%	12,951	12,951	27,000	52,902
2037	3.250%	12,513	12,513	28,000	53,026
2038	3.250%	12,058	12,058	28,000	52,116
2039	3.250%	11,603	11,603	29,000	52,206
2040	3.250%	11,131	11,131	30,000	52,262
2041	3.250%	10,644	10,644	31,000	52,288
2042	3.250%	10,140	10,140	32,000	52,280
2043	3.250%	9,620	9,620	33,000	52,240
2044	3.250%	9,084	9,084	34,000	52,168
2045	3.250%	8,531	8,531	36,000	53,062
2046	3.250%	7,946	7,946	37,000	52,892
2047	3.250%	7,345	7,345	38,000	52,690
2048	3.250%	6,728	6,728	39,000	52,456
2049	3.250%	6,094	6,094	40,000	52,188
2050	3.250%	5,444	5,444	42,000	52,888
2051	3.250%	4,761	4,761	43,000	52,522
2052	3.250%	4,063	4,063	44,000	52,126
2053	3.250%	3,348	3,348	46,000	52,696
2054	3.250%	2,600	2,600	47,000	52,200
2055	3.250%	1,836	1,836	49,000	52,672
2056	3.250%	1,040	1,040	51,000	53,080
2057	3.250%	211	211	13,000	13,422
		<u>\$ 327,100</u>	<u>\$ 327,100</u>	<u>\$ 1,040,000</u>	<u>\$ 1,694,200</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2007 SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BONDS

Issue in the amount of		\$ 1,500,000
Less:	Principal paid in prior years	(1,160,000)
	Principal paid in current year	<u>(85,000)</u>
Balance payable at December 31, 2024		<u>\$ 255,000</u>

Balance payable as follows:

<u><i>Year Ended</i></u>	<u><i>Interest Rate</i></u>	<u><i>Interest due April 1</i></u>	<u><i>Interest due October 1</i></u>	<u><i>Principal due October 1</i></u>	<u><i>Total Annual Requirement</i></u>
2025	1.625%	\$ 2,072	\$ 2,072	\$ 85,000	\$ 89,144
2026	1.625%	1,381	1,381	85,000	87,762
2027	1.625%	<u>691</u>	<u>691</u>	<u>85,000</u>	<u>86,382</u>
		<u>\$ 4,144</u>	<u>\$ 4,144</u>	<u>\$ 255,000</u>	<u>\$ 263,288</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2016 WATER SUPPLY SYSTEM REVENUE BONDS

Issue dated October 18, 2016 in the amount of	\$ 9,817,000
Less: Principal paid in prior years	(1,368,000)
Principal paid in current year	<u>(204,000)</u>
Balance payable at December 31, 2024	<u>\$ 8,245,000</u>

Balance payable as follows:

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Interest due April 1</u>	<u>Interest due October 1</u>	<u>Principal due October 1</u>	<u>Total Annual Requirement</u>
2025	1.375%	\$ 56,684	\$ 56,684	\$ 207,000	\$ 320,368
2026	1.375%	55,261	55,261	210,000	320,522
2027	1.375%	53,818	53,818	213,000	320,636
2028	1.375%	52,353	52,353	216,000	320,706
2029	1.375%	50,868	50,868	219,000	320,736
2030	1.375%	49,363	49,363	222,000	320,726
2031	1.375%	47,836	47,836	225,000	320,672
2032	1.375%	46,290	46,290	228,000	320,580
2033	1.375%	44,722	44,722	231,000	320,444
2034	1.375%	43,134	43,134	234,000	320,268
2035	1.375%	41,525	41,525	237,000	320,050
2036	1.375%	39,896	39,896	241,000	320,792
2037	1.375%	38,239	38,239	244,000	320,478
2038	1.375%	36,561	36,561	247,000	320,122
2039	1.375%	34,863	34,863	251,000	320,726
2040	1.375%	33,138	33,138	254,000	320,276
2041	1.375%	31,391	31,391	258,000	320,782
2042	1.375%	29,618	29,618	261,000	320,236
2043	1.375%	27,823	27,823	265,000	320,646
2044	1.375%	26,001	26,001	268,000	320,002
2045	1.375%	24,159	24,159	272,000	320,318
2046	1.375%	22,289	22,289	276,000	320,578
2047	1.375%	20,391	20,391	280,000	320,782
2048	1.375%	18,466	18,466	283,000	319,932
2049	1.375%	16,521	16,521	287,000	320,042
2050	1.375%	14,548	14,548	291,000	320,096
2051	1.375%	12,547	12,547	295,000	320,094
2052	1.375%	10,519	10,519	299,000	320,038
2053	1.375%	8,463	8,463	303,000	319,926
2054	1.375%	6,380	6,380	308,000	320,760
2055	1.375%	4,263	4,263	312,000	320,526
2056	1.375%	<u>2,118</u>	<u>2,118</u>	<u>308,000</u>	<u>312,236</u>
		<u>\$ 1,000,048</u>	<u>\$ 1,000,048</u>	<u>\$ 8,245,000</u>	<u>\$ 10,245,096</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2017 SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BONDS

Issue dated March 13, 2017 in the amount of	\$ 2,146,000
Less: Principal paid in prior years	(245,000)
Principal paid in current year	<u>(38,000)</u>
Balance payable at December 31, 2024	<u>\$ 1,863,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.500%	\$ 23,288	\$ 23,288	\$ 39,000	\$ 85,576
2026	2.500%	22,800	22,800	40,000	85,600
2027	2.500%	22,300	22,300	41,000	85,600
2028	2.500%	21,788	21,788	42,000	85,576
2029	2.500%	21,263	21,263	43,000	85,526
2030	2.500%	20,725	20,725	44,000	85,450
2031	2.500%	20,175	20,175	45,000	85,350
2032	2.500%	19,613	19,613	46,000	85,226
2033	2.500%	19,038	19,038	47,000	85,076
2034	2.500%	18,450	18,450	48,000	84,900
2035	2.500%	17,850	17,850	50,000	85,700
2036	2.500%	17,225	17,225	51,000	85,450
2037	2.500%	16,588	16,588	52,000	85,176
2038	2.500%	15,938	15,938	53,000	84,876
2039	2.500%	15,275	15,275	55,000	85,550
2040	2.500%	14,588	14,588	56,000	85,176
2041	2.500%	13,888	13,888	57,000	84,776
2042	2.500%	13,175	13,175	59,000	85,350
2043	2.500%	12,438	12,438	60,000	84,876
2044	2.500%	11,688	11,688	62,000	85,376
2045	2.500%	10,913	10,913	63,000	84,826
2046	2.500%	10,125	10,125	65,000	85,250
2047	2.500%	9,313	9,313	67,000	85,626
2048	2.500%	8,475	8,475	68,000	84,950
2049	2.500%	7,625	7,625	70,000	85,250
2050	2.500%	6,750	6,750	72,000	85,500
2051	2.500%	5,850	5,850	73,000	84,700
2052	2.500%	4,938	4,938	75,000	84,876
2053	2.500%	4,000	4,000	77,000	85,000
2054	2.500%	3,038	3,038	79,000	85,076
2055	2.500%	2,050	2,050	81,000	85,100
2056	2.500%	1,038	1,038	83,000	85,076
		<u>\$ 432,208</u>	<u>\$ 432,208</u>	<u>\$ 1,863,000</u>	<u>\$ 2,727,416</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

December 31, 2024

2017 WATER SUPPLY SYSTEM JUNIOR LIEN REVENUE BONDS

Issue dated March 13, 2017 in the amount of	\$ 2,330,000
Less: Principal paid in prior years	(295,000)
Principal paid in current year	<u>(45,000)</u>
Balance payable at December 31, 2024	<u>\$ 1,990,000</u>

Balance payable as follows:

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Interest due April 1</u>	<u>Interest due October 1</u>	<u>Principal due October 1</u>	<u>Total Annual Requirement</u>
2025	1.875%	\$ 18,656	\$ 18,656	\$ 45,000	\$ 82,312
2026	1.875%	18,234	18,234	45,000	81,468
2027	1.875%	17,813	17,813	50,000	85,626
2028	1.875%	17,344	17,344	50,000	84,688
2029	1.875%	16,875	16,875	50,000	83,750
2030	1.875%	16,406	16,406	50,000	82,812
2031	1.875%	15,938	15,938	50,000	81,876
2032	1.875%	15,469	15,469	50,000	80,938
2033	1.875%	15,000	15,000	55,000	85,000
2034	1.875%	14,484	14,484	55,000	83,968
2035	1.875%	13,969	13,969	55,000	82,938
2036	1.875%	13,453	13,453	55,000	81,906
2037	1.875%	12,938	12,938	60,000	85,876
2038	1.875%	12,375	12,375	60,000	84,750
2039	1.875%	11,813	11,813	60,000	83,626
2040	1.875%	11,250	11,250	60,000	82,500
2041	1.875%	10,688	10,688	60,000	81,376
2042	1.875%	10,125	10,125	65,000	85,250
2043	1.875%	9,516	9,516	65,000	84,032
2044	1.875%	8,906	8,906	65,000	82,812
2045	1.875%	8,297	8,297	65,000	81,594
2046	1.875%	7,688	7,688	70,000	85,376
2047	1.875%	7,031	7,031	70,000	84,062
2048	1.875%	6,375	6,375	70,000	82,750
2049	1.875%	5,719	5,719	70,000	81,438
2050	1.875%	5,063	5,063	75,000	85,126
2051	1.875%	4,359	4,359	75,000	83,718
2052	1.875%	3,656	3,656	75,000	82,312
2053	1.875%	2,953	2,953	75,000	80,906
2054	1.875%	2,250	2,250	80,000	84,500
2055	1.875%	1,500	1,500	80,000	83,000
2056	1.875%	750	750	80,000	81,500
		<u>\$ 336,893</u>	<u>\$ 336,893</u>	<u>\$ 1,990,000</u>	<u>\$ 2,663,786</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2018 SEWAGE DISPOSAL SYSTEM REVENUE BONDS

Issue dated March 7, 2018 in the amount of	\$ 2,020,000
Less: Principal paid in prior years	(315,000)
Principal paid in current year	<u>(33,000)</u>
Balance payable at December 31, 2024	<u>\$ 1,672,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.750%	\$ 22,990	\$ 22,990	\$ 34,000	\$ 79,980
2026	2.750%	22,523	22,523	35,000	80,046
2027	2.750%	22,041	22,041	36,000	80,082
2028	2.750%	21,546	21,546	37,000	80,092
2029	2.750%	21,038	21,038	38,000	80,076
2030	2.750%	20,515	20,515	39,000	80,030
2031	2.750%	19,979	19,979	40,000	79,958
2032	2.750%	19,429	19,429	41,000	79,858
2033	2.750%	18,865	18,865	42,000	79,730
2034	2.750%	18,288	18,288	44,000	80,576
2035	2.750%	17,683	17,683	45,000	80,366
2036	2.750%	17,064	17,064	46,000	80,128
2037	2.750%	16,431	16,431	47,000	79,862
2038	2.750%	15,785	15,785	49,000	80,570
2039	2.750%	15,111	15,111	50,000	80,222
2040	2.750%	14,424	14,424	51,000	79,848
2041	2.750%	13,723	13,723	53,000	80,446
2042	2.750%	12,994	12,994	54,000	79,988
2043	2.750%	12,251	12,251	56,000	80,502
2044	2.750%	11,481	11,481	57,000	79,962
2045	2.750%	10,698	10,698	59,000	80,396
2046	2.750%	9,886	9,886	60,000	79,772
2047	2.750%	9,061	9,061	62,000	80,122
2048	2.750%	8,209	8,209	64,000	80,418
2049	2.750%	7,329	7,329	65,000	79,658
2050	2.750%	6,435	6,435	67,000	79,870
2051	2.750%	5,514	5,514	69,000	80,028
2052	2.750%	4,565	4,565	71,000	80,130
2053	2.750%	3,589	3,589	73,000	80,178
2054	2.750%	2,585	2,585	75,000	80,170
2055	2.750%	1,554	1,554	77,000	80,108
2056	2.750%	495	495	36,000	36,990
		<u>\$ 424,081</u>	<u>\$ 424,081</u>	<u>\$ 1,672,000</u>	<u>\$ 2,520,162</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2018 WATER SUPPLY SYSTEM REVENUE BONDS

Issue dated March 7, 2018 in the amount of	\$ 1,351,000
Less: Principal paid in prior years	(218,000)
Principal paid in current year	<u>(24,000)</u>
Balance payable at December 31, 2023	<u>\$ 1,109,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.250%	\$ 12,476	\$ 12,476	\$ 25,000	\$ 49,952
2026	2.250%	12,195	12,195	25,000	49,390
2027	2.250%	11,914	11,914	26,000	49,828
2028	2.250%	11,621	11,621	26,000	49,242
2029	2.250%	11,329	11,329	27,000	49,658
2030	2.250%	11,025	11,025	28,000	50,050
2031	2.250%	10,710	10,710	28,000	49,420
2032	2.250%	10,395	10,395	29,000	49,790
2033	2.250%	10,069	10,069	29,000	49,138
2034	2.250%	9,743	9,743	30,000	49,486
2035	2.250%	9,405	9,405	31,000	49,810
2036	2.250%	9,056	9,056	32,000	50,112
2037	2.250%	8,696	8,696	32,000	49,392
2038	2.250%	8,336	8,336	33,000	49,672
2039	2.250%	7,965	7,965	34,000	49,930
2040	2.250%	7,583	7,583	34,000	49,166
2041	2.250%	7,200	7,200	35,000	49,400
2042	2.250%	6,806	6,806	36,000	49,612
2043	2.250%	6,401	6,401	37,000	49,802
2044	2.250%	5,985	5,985	38,000	49,970
2045	2.250%	5,558	5,558	38,000	49,116
2046	2.250%	5,130	5,130	39,000	49,260
2047	2.250%	4,691	4,691	40,000	49,382
2048	2.250%	4,241	4,241	41,000	49,482
2049	2.250%	3,780	3,780	42,000	49,560
2050	2.250%	3,308	3,308	43,000	49,616
2051	2.250%	2,824	2,824	44,000	49,648
2052	2.250%	2,329	2,329	45,000	49,658
2053	2.250%	1,823	1,823	46,000	49,646
2054	2.250%	1,305	1,305	47,000	49,610
2055	2.250%	776	776	48,000	49,552
2056	2.250%	236	236	21,000	21,472
		<u>\$ 224,911</u>	<u>\$ 224,911</u>	<u>\$ 1,109,000</u>	<u>\$ 1,558,822</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2019 SEWAGE DISPOSAL SYSTEM REVENUE BONDS (JUNIOR LIEN), SERIES A

Issue dated March 11, 2019 in the amount of	\$ 9,000,000
Less: Principal paid in prior years	(738,000)
Principal paid in current year	<u>(154,000)</u>
Balance payable at December 31, 2024	<u>\$ 8,108,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.375%	\$ 96,283	\$ 96,283	\$ 158,000	\$ 350,566
2026	2.375%	94,406	94,406	161,000	349,812
2027	2.375%	92,494	92,494	165,000	349,988
2028	2.375%	90,535	90,535	169,000	350,070
2029	2.375%	88,528	88,528	173,000	350,056
2030	2.375%	86,474	86,474	177,000	349,948
2031	2.375%	84,372	84,372	182,000	350,744
2032	2.375%	82,211	82,211	186,000	350,422
2033	2.375%	80,002	80,002	190,000	350,004
2034	2.375%	77,746	77,746	195,000	350,492
2035	2.375%	75,430	75,430	199,000	349,860
2036	2.375%	73,067	73,067	204,000	350,134
2037	2.375%	70,644	70,644	209,000	350,288
2038	2.375%	68,163	68,163	214,000	350,326
2039	2.375%	65,621	65,621	219,000	350,242
2040	2.375%	63,021	63,021	224,000	350,042
2041	2.375%	60,361	60,361	230,000	350,722
2042	2.375%	57,629	57,629	235,000	350,258
2043	2.375%	54,839	54,839	241,000	350,678
2044	2.375%	51,977	51,977	246,000	349,954
2045	2.375%	49,056	49,056	252,000	350,112
2046	2.375%	46,063	46,063	258,000	350,126
2047	2.375%	42,999	42,999	264,000	349,998
2048	2.375%	39,864	39,864	271,000	350,728
2049	2.375%	36,646	36,646	277,000	350,292
2050	2.375%	33,357	33,357	284,000	350,714
2051	2.375%	29,984	29,984	290,000	349,968
2052	2.375%	26,541	26,541	297,000	350,082
2053	2.375%	23,014	23,014	304,000	350,028
2054	2.375%	19,404	19,404	312,000	350,808
2055	2.375%	15,699	15,699	319,000	350,398
2056	2.375%	11,911	11,911	327,000	350,822
2057	2.375%	8,028	8,028	334,000	350,056
2058	2.375%	4,061	4,061	342,000	350,122
		<u>\$ 1,900,430</u>	<u>\$ 1,900,430</u>	<u>\$ 8,108,000</u>	<u>\$ 11,908,860</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2019 SEWAGE DISPOSAL SYSTEM REVENUE BONDS (JUNIOR LIEN), SERIES B

Issue dated March 11, 2019 in the amount of	\$ 8,079,000
Less: Principal paid in prior years	(662,000)
Principal paid in current year	<u>(138,000)</u>
Balance payable at December 31, 2024	<u>\$ 7,279,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.375%	\$ 86,438	\$ 86,438	\$ 142,000	\$ 314,876
2026	2.375%	84,752	84,752	145,000	314,504
2027	2.375%	83,030	83,030	148,000	314,060
2028	2.375%	81,273	81,273	152,000	314,546
2029	2.375%	79,468	79,468	155,000	313,936
2030	2.375%	77,627	77,627	159,000	314,254
2031	2.375%	75,739	75,739	163,000	314,478
2032	2.375%	73,803	73,803	167,000	314,606
2033	2.375%	71,820	71,820	171,000	314,640
2034	2.375%	69,789	69,789	175,000	314,578
2035	2.375%	67,711	67,711	179,000	314,422
2036	2.375%	65,586	65,586	183,000	314,172
2037	2.375%	63,413	63,413	188,000	314,826
2038	2.375%	61,180	61,180	192,000	314,360
2039	2.375%	58,900	58,900	197,000	314,800
2040	2.375%	56,561	56,561	201,000	314,122
2041	2.375%	54,174	54,174	206,000	314,348
2042	2.375%	51,728	51,728	211,000	314,456
2043	2.375%	49,222	49,222	216,000	314,444
2044	2.375%	46,657	46,657	221,000	314,314
2045	2.375%	44,033	44,033	226,000	314,066
2046	2.375%	41,349	41,349	232,000	314,698
2047	2.375%	38,594	38,594	237,000	314,188
2048	2.375%	35,779	35,779	243,000	314,558
2049	2.375%	32,894	32,894	249,000	314,788
2050	2.375%	29,937	29,937	254,000	313,874
2051	2.375%	26,921	26,921	261,000	314,842
2052	2.375%	23,821	23,821	267,000	314,642
2053	2.375%	20,651	20,651	273,000	314,302
2054	2.375%	17,409	17,409	280,000	314,818
2055	2.375%	14,084	14,084	286,000	314,168
2056	2.375%	10,688	10,688	293,000	314,376
2057	2.375%	7,208	7,208	300,000	314,416
2058	2.375%	<u>3,646</u>	<u>3,646</u>	<u>307,000</u>	<u>314,292</u>
		<u>\$ 1,705,885</u>	<u>\$ 1,705,885</u>	<u>\$ 7,279,000</u>	<u>\$ 10,690,770</u>

CITY OF LUDINGTON

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 December 31, 2024

2019 SEWAGE DISPOSAL SYSTEM REVENUE BONDS (JUNIOR LIEN), SERIES C

Issue dated March 11, 2019 in the amount of	\$ 6,014,000
Less: Principal paid in prior years	(483,000)
Principal paid in current year	<u>(101,000)</u>
Balance payable at December 31, 2024	<u>\$ 5,430,000</u>

Balance payable as follows:

<i>Year Ended</i>	<i>Interest Rate</i>	<i>Interest due April 1</i>	<i>Interest due October 1</i>	<i>Principal due October 1</i>	<i>Total Annual Requirement</i>
2025	2.500%	\$ 67,875	\$ 67,875	\$ 103,000	\$ 238,750
2026	2.500%	66,588	66,588	106,000	239,176
2027	2.500%	65,262	65,262	108,000	238,524
2028	2.500%	63,913	63,913	111,000	238,826
2029	2.500%	62,525	62,525	114,000	239,050
2030	2.500%	61,100	61,100	117,000	239,200
2031	2.500%	59,638	59,638	120,000	239,276
2032	2.500%	58,137	58,137	123,000	239,274
2033	2.500%	56,600	56,600	126,000	239,200
2034	2.500%	55,025	55,025	129,000	239,050
2035	2.500%	53,413	53,413	132,000	238,826
2036	2.500%	51,762	51,762	135,000	238,524
2037	2.500%	50,075	50,075	139,000	239,150
2038	2.500%	48,338	48,338	142,000	238,676
2039	2.500%	46,562	46,562	146,000	239,124
2040	2.500%	44,738	44,738	150,000	239,476
2041	2.500%	42,862	42,862	153,000	238,724
2042	2.500%	40,950	40,950	157,000	238,900
2043	2.500%	38,988	38,988	161,000	238,976
2044	2.500%	36,975	36,975	165,000	238,950
2045	2.500%	34,912	34,912	169,000	238,824
2046	2.500%	32,800	32,800	173,000	238,600
2047	2.500%	30,638	30,638	178,000	239,276
2048	2.500%	28,412	28,412	182,000	238,824
2049	2.500%	26,138	26,138	187,000	239,276
2050	2.500%	23,800	23,800	191,000	238,600
2051	2.500%	21,412	21,412	196,000	238,824
2052	2.500%	18,963	18,963	201,000	238,926
2053	2.500%	16,450	16,450	206,000	238,900
2054	2.500%	13,875	13,875	211,000	238,750
2055	2.500%	11,238	11,238	217,000	239,476
2056	2.500%	8,525	8,525	222,000	239,050
2057	2.500%	5,750	5,750	227,000	238,500
2058	2.500%	2,912	2,912	233,000	238,824
		<u>\$ 1,347,151</u>	<u>\$ 1,347,151</u>	<u>\$ 5,430,000</u>	<u>\$ 8,124,302</u>



**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 Honorable Mayor and Members of City Council
City of Ludington, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ludington, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Ludington's basic financial statements, and have issued our report thereon dated April 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ludington's internal control over financial reporting (internal controls) 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 of Ludington's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ludington's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ludington'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of City Council
City of Ludington, Michigan

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.

Berthiaume & Co.

Saginaw, Michigan
April 29, 2025