

**ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)**

YEAR ENDED DECEMBER 31, 2025



**SCHULZE, OSWALD, MILLER & EDWARDS PC
CERTIFIED PUBLIC ACCOUNTANTS
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PRESQUE ISLE COUNTY, MICHIGAN
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INDEPENDENT AUDITORS' REPORT

To the Board Members of
Rogers City Area Fire Department Authority
Presque Isle County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the **Rogers City Area Fire Department Authority, Presque Isle County, Michigan** (the "Authority"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2025, and the respective changes in financial position 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. Our responsibilities 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

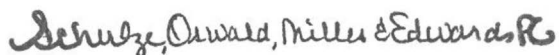
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
April 3, 2026

The following discussion and analysis of the financial performance for the Rogers City Area Fire Department Authority, (the “Authority”) provides an overview of the Authority’s financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Authority’s financial statements.

General Information

The Rogers City Area Fire Department Authority was established as a municipal authority to operate and administer fire protection services within the City of Rogers City and the Townships of Belknap, Rogers, Bismarck, and Moltke.

The Authority is governed by a Board of Directors comprised of members representing each municipality.

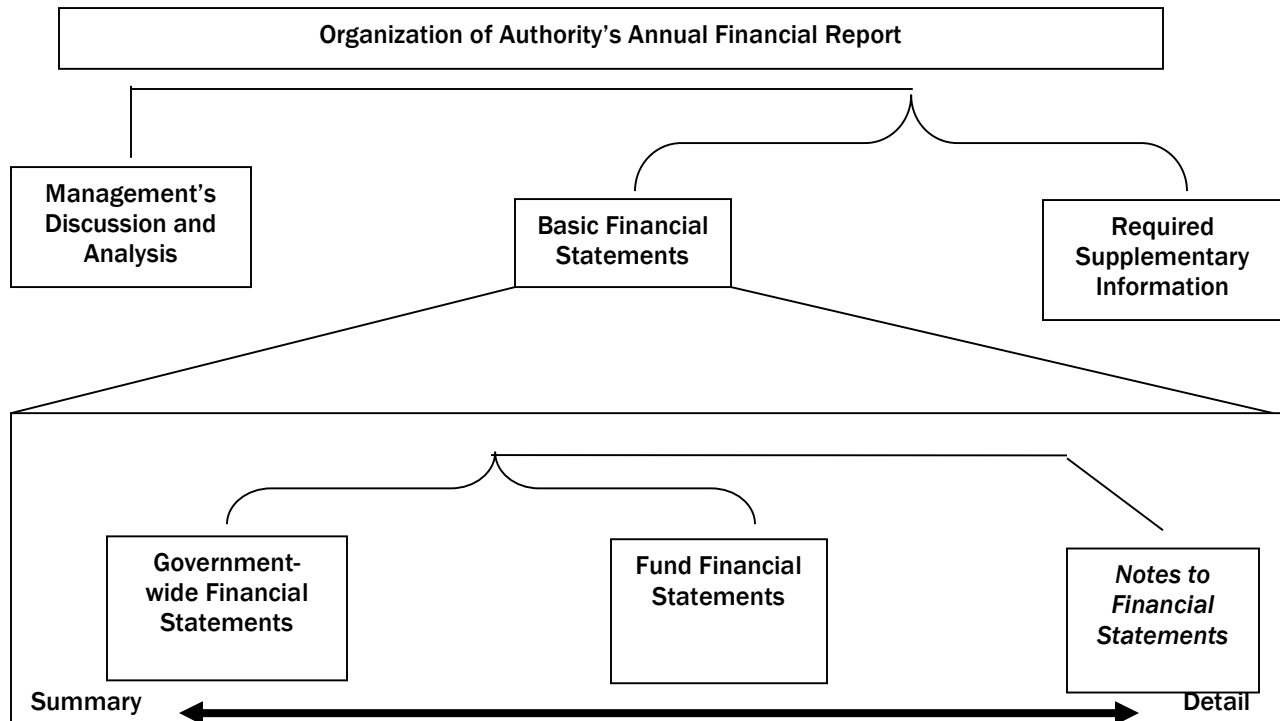
Financial Highlights

The following represents the most significant financial highlights for the year ending December 31, 2025:

- The Authority was authorized by public vote to levy 1 mill for a 15-year period from 2022 - 2036. This levy generated \$250,058 in property tax revenue in the fiscal year ending December 31, 2025.
- The assets of the Authority exceeded their liabilities at the close of the most recent fiscal year by \$1,145,609 (*net position*). Of this amount, \$203,594 represents unrestricted net position, which may be used to meet the Authority’s ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Authority’s governmental fund reported a fund balance of \$203,594, an increase of \$37,470 in comparison with the prior year. Of this amount, \$195,794 is available for spending at the Authority’s discretion (*unassigned fund balance*), and \$7,800 is assigned for future separated employees.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Rogers City Area Fire Department Authority’s basic financial statements. The Authority’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 other supplemental information in addition to the basic financial statements. The following chart illustrates how the various parts of this annual report are arranged and related to one another.



Overview of the Financial Statements (continued)

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business, and therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the Authority's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority include public safety. The Authority does not present any business-type activities.

Fund financial statements. 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. The Rogers City Area Fire Department Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Authority's operations in more detail than the government-wide financial statements. These statements present a shorter-term view and tell how taxpayer resources were spent during the year.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services were financed in the short-term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority adopts an annual appropriated budget for its fund activity. A schedule of revenues, expenditures, and changes in fund balance – budget and actual has been provided for the Authority's fund activity.

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. The notes to the financial statements can be found on pages 14 - 22 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information* concerning the Authority's budgets. A comparison statement is provided to show budget to actual information and related variances. A required supplemental information statement can be found on page 23 of this report.

Financial Analysis of the Authority as a Whole

The increase in the Authority's net position is due to one primary factor:

Increase in tax levy for year ended December 31, 2025.

The following tables show, in a condensed format, the net position of the Rogers City Area Fire Department Authority as of December 31, 2025.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY'S NET POSITION

	<u>2024</u>	<u>2025</u>
Assets		
Current Assets	\$ 177,439	\$ 214,843
Non-Current Capital Assets	1,606,271	1,579,909
Total Assets	<u>\$ 1,783,710</u>	<u>\$ 1,794,752</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities	11,314	55,022
Non-Current Liabilities	680,375	594,121
Total Liabilities	<u>691,689</u>	<u>649,143</u>
Net Position		
Invested in Capital Assets - Net of Related Debt	925,896	942,015
Unrestricted	166,125	203,594
Total Net Position	<u>1,092,021</u>	<u>1,145,609</u>
Total Liabilities and Net Position	<u>\$ 1,783,710</u>	<u>\$ 1,794,752</u>

CHANGES IN ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY'S NET POSITION

	<u>2024</u>	<u>2025</u>
General Revenue		
Property Taxes	\$ 225,920	\$ 264,146
Interest	2,555	7,660
Charges for Runs	3,000	3,500
Grants	62,571	365
Gain/(Loss)	-	2,093
Other	6,945	603
Total Revenue	<u>300,991</u>	<u>278,367</u>
Public Safety	<u>230,257</u>	<u>224,778</u>
Change in Net Position	<u>\$ 70,734</u>	<u>\$ 53,589</u>

Financial Analysis and Highlights of the Authority's Fund

At the end of the fiscal year, the Authority is able to report a positive balance in net position. The first portion of the Authority's net position is the investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets in providing fire protection services; consequently, these assets are not available for future spending.

Budgetary Highlights

The Authority has approved a budget for the fiscal year; the budget was amended during the fiscal year to account for operational differences from expectations. Please see the budget versus actual comparison.

Capital Asset

The Authority has \$1,579,909 (net of accumulated depreciation) of capital assets. Investment in capital assets includes equipment, construction in progress and vehicles.

AUTHORITY'S CAPITAL ASSETS

(net of depreciation)

	<u>December 31, 2024</u>	<u>December 31, 2025</u>
Equipment	\$ 12,429	\$ 9,073
Construction in Progress	-	-
Building	1,593,842	1,550,764
Vehicles	-	20,072
Total	<u>\$ 1,606,271</u>	<u>\$ 1,579,909</u>

Long-term debt

The Authority has one item of long-term debt, Huron State Bank Building Loan. The total balance outstanding on December 31, 2025, is \$637,894. Additional information on the long-term debt can be found in Note 6 of this report.

Economic Factors

The Rogers City Area Fire Department Authority is a small local fire authority that relies primarily on tax levy appropriations from participating local units of government for its support. The participating units include the City of Rogers City and the Townships of Belknap, Rogers, Bismarck, and Moltke.

Financial Contact

The Authority's financial statements are designed to present users with a general overview of the Authority's finances. Questions concerning any of the information provided in the report or request for additional financial information should be directed to the board of directors of the Rogers City Area Fire Department Authority at PO Box 165, Rogers City, Michigan 49779.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
 PRESQUE ISLE COUNTY, MICHIGAN
 STATEMENT OF NET POSITION
 DECEMBER 31, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 213,693
Accounts Receivable (Less: Allowance for Doubtful Accounts \$500)	1,150
Total Current Assets	214,843
Noncurrent Assets	
Capital Assets	3,016,302
Less: Accumulated Depreciation	(1,436,393)
Total Capital Assets	1,579,909
TOTAL ASSETS	\$ 1,794,752
LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accrued Expenses	\$ 11,249
Note payable - due within one year	43,773
Total Current Liabilities	55,022
Noncurrent Liabilities	
Note payable	594,121
TOTAL LIABILITIES	649,143
NET POSITION	
Invested in Capital Assets, Net of Related Debt	942,015
Unrestricted Net Position	203,594
TOTAL NET POSITION	1,145,609
TOTAL LIABILITIES AND NET POSITION	\$ 1,794,752

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
 PRESQUE ISLE COUNTY, MICHIGAN
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2025

	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	NET REVENUE/ (EXPENSE) AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Public Safety	\$ 224,778	\$ 3,500	\$ -	\$ 365	\$ (220,913)
Total Governmental Activities	\$ 224,778	\$ 3,000	\$ -	\$ 365	(220,913)
GENERAL REVENUES					
Other Income					603
Gain on Disposal					2,093
Interest Income					7,660
Real Property Tax					264,146
Total General Revenues					274,502
CHANGE IN NET POSITION					53,589
NET POSITION - Beginning of year					1,092,020
NET POSITION - End of year					\$ 1,145,609

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
BALANCE SHEET
DECEMBER 31, 2025**

	GENERAL FUND
ASSETS:	
Cash and Cash Equivalents	\$ 213,693
Accounts Receivable (Net of allowance for doubtful accounts)	<u>1,150</u>
TOTAL ASSETS	<u>\$ 214,843</u>
 LIABILITIES:	
Accrued Expenses	\$ 11,249
TOTAL LIABILITIES	<u>11,249</u>
 FUND EQUITY:	
Assigned-Separation	7,800
Unassigned	<u>195,794</u>
TOTAL FUND EQUITY	<u>203,594</u>
 TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 214,843</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

TOTAL FUND BALANCES, PER BALANCE SHEET **\$ 203,594**

Amounts reported in the Statement of Net Position are different because:

Capital assets (net) used are not financial
resources and therefore not used in the funds. 1,579,909

Note Payable (637,894)

TOTAL NET POSITION, PER STATEMENT OF NET POSITION **\$ 1,145,609**

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	GENERAL FUND
REVENUES:	
Property Taxes	\$ 264,146
Charges for Services	3,500
State Grants	365
Other Income	603
Gain on Disposal	2,093
Interest Income	7,660
TOTAL REVENUES	278,367
EXPENDITURES:	
Public Safety	156,690
Capital Outlay	21,896
Debt Service	62,311
TOTAL EXPENDITURES	240,897
Excess (Deficiency) of Revenues over Expenditures	37,470
 CHANGE IN FUND BALANCE	 37,470
Fund Balance - Beginning of year	166,124
Fund Balance - End of year	\$ 203,594

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

NET CHANGE IN FUND BALANCES **\$ 37,470**

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, while in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	21,896
Depreciation expense	(48,258)

Principal payments on long-term debt	<u>42,481</u>
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NET CHANGE IN NET POSITION **\$ 53,589**

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Rogers City Area Fire Department Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

Reporting Entity

The Rogers City Area Fire Department Authority, State of Michigan (the “Authority”) is located in Presque Isle County and was founded on February 23, 2007, under provisions of Act No. 57 of the Public Acts of 1988 of the State of Michigan (Enabling Act). The incorporating municipalities creating the Authority are the City of Rogers City and the Townships of Belknap, Rogers, Bismarck, and Moltke. The purpose of the Authority is to furnish fire protection services to the municipalities within its district.

Comparative Data – Comparative data is not presented in the Authority’s financial statements.

Its predecessor was the Rural Urban Fire Control Board, which was disbanded by transferring all assets and liabilities to the Authority. This transfer included cash, equipment, and payables.

Measurement Focus, Basis of Accounting, and Presentation of Financial Statements

The Authority’s government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Economic Dependency

The Authority is economically dependent on real estate taxes collected from an ad valorem tax of up to one mill within the Authority’s district. The current levy is for 1.0 mill for a 15-year period from 2022 - 2036.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the Authority. All of the Authority’s government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable and have a specific function.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Authority only has one governmental fund, which is called the operation fund. The operating fund includes all transactions related to the approved current operating budget.

Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the 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. When expenses are incurred for purposes for which both restricted and unrestricted net position are available, restricted net position are used prior to unrestricted net position. Property taxes are recognized as revenue 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 Authority’s government-wide activities are considered governmental activities. The Authority does not have any business-type activities.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

A major revenue type for which receivables are recorded on the current accounting period's balance sheet includes fire runs reported as charges for services. All other revenue items are considered to be available only when cash is received by the Authority.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government. There are no reasons from the general fund which are required to be accounted for in another fund.

Assets, Liabilities and Net Position or Equity

Bank Deposits

The Authority maintains a checking account and a certificate of deposit that are comprised of cash deposits only.

Inventories

Inventories are valued at cost, on a first-in, first-out basis. Inventory is not considered significant for financial reporting purposes.

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related capital assets.

The Authority's capitalization policy is to capitalize individual amounts exceeding \$1,000 for equipment. Cost of buildings, infrastructure assets, land and land improvements exceeding \$5,000 will be capitalized.

Capital assets of the primary government are depreciated using straight-line method over the following estimated useful lives:

Buildings	39 years
Furniture and equipment	5 – 15 years
Fire trucks, water trucks	8 years

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any deferred outflows of resources.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources.

Net Position Flow Assumption

Sometimes the government 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the government 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. It is the government’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 Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes determined by a formal action by Board Resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board Resolution) that was employed when the funds were initially committed.

Assigned – Includes amounts a government intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the Authority.

Unassigned – Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted resources are used first when an expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position. The face amount of issued debt is reported as other financing sources in the fund statement of revenues, expenditures, and changes in fund balance.

Compensated Absences

The Authority does not offer compensated absences, therefore there is no accrual presented.

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 assumption that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Property Taxes Receivable – Delinquent

The relative property tax information for the Authority is as follows:

Property Tax Revenue

<u>Current Property Taxes, Fees & Other</u> 2024 Tax Levy: Presque Isle County 2024 Taxable Value: \$255,009,244	<u>2024 Tax Roll</u> \$250,058
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Property taxes are levied on each December 1 and are payable by February 15 of the following year. Payments made after the February 15 date are considered delinquent. A levy of 1.0 mills for a 15-year period of 2022-2036 is currently in effect per voters approved.

Encumbrance Accounting

Encumbrances for goods and services are documented by requisitions or contracts. Appropriations lapse on December 31, and any encumbrances outstanding at that time are to be either canceled or appropriately approved for in the subsequent year’s budget. There were no outstanding encumbrances on December 31, 2025.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted by Authority officials in compliance with GAAP and State law, specifically PA 2 of 1968 (the Uniform Budgetary Act), for the General and Special Revenue Funds.

The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the Authority to have its budget in place by January 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits entities to amend their budgets during the year.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

The Authority follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, Authority officials submit to the Board a proposed operation budget for the fiscal year, which commences on January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Budgeted amounts are as originally adopted, or as amended by the Authority Board.
5. All appropriations lapse at year-end.

Budgets are to be prepared on the same basis of accounting as the financial statements.

PA 2 of 1968, as amended, (MCL 141.421 at seq.) provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The overall budget variance was a unfavorable variance of \$2,481 of revenues over expenditures. Revenues were under budget by \$20,133.

The final amended budget is presented in the budget versus actual statement within the required supplemental information of this report.

Fund Deficits

The Authority had no accumulated fund balance deficits.

NOTE 3 – DEPOSITS AND INVESTMENTS

The Authority considers all regular deposits and certificates of deposit as cash equivalents since they are highly liquid assets. All cash deposits of the Authority are at FDIC insured banking institutions in the name of the Authority. Act 217, PA 1982 authorizes the Authority to deposit and invest in the accounts of federally insured banks, insured credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentally of the United States; United States government of federal agency obligation repurchase agreements, banker's acceptance legal for rating agencies within the three highest classifications maturing not more than 270 days after the date of purchase; and involving no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. The Authority's deposits are in accordance with statutory authority.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Deposit and Investment Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments.

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase
- Bankers acceptances of United States banks
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997

The Authority's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest Rate Risk

The Authority's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Authority's investment policy does not have specific limits in excess of State law on investment credit risk. At year-end, the District had no investments and was therefore not exposed to credit risk.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require, and the Authority does not have a policy for deposit custodial credit risk. At year-end, \$0 of the Authority's bank balances of \$181,678 was exposed to custodial credit risk because it was all insured under FDIC.

NOTE 4 – ACCRUED EXPENSES

Accrued expenses were \$11,249 as of December 31, 2025.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
 PRESQUE ISLE COUNTY, MICHIGAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2025

NOTE 5 - CAPITAL ASSETS

	Balance 01/01/2025	Additions	Disposals	Balance 12/31/2025
Capital assets being depreciated:				
Equipment	280,867	-	-	280,867
Building	1,679,995	-	-	1,679,995
Vehicles	1,232,542	21,896	199,000	1,055,438
Subtotal	3,193,404	21,896	199,000	3,016,300
Less: Accumulated depreciation for:				
Equipment	268,438	3,356	-	271,794
Building	86,154	43,077	-	129,231
Vehicles	1,232,542	1,824	199,000	1,035,366
Subtotal	1,587,134	48,257	199,000	1,436,391
Net Capital Assets	\$ 1,606,270	\$ (26,361)	\$ -	\$ 1,579,909

Depreciation expense for the fiscal year ended December 31, 2025, was \$48,257 and all related to public safety.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
 PRESQUE ISLE COUNTY, MICHIGAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2025

NOTE 6 – LONG-TERM DEBT

Long-term obligations are as follows for the Authority on December 31, 2025:

	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
\$749,000 Huron State Bank building construction loan, payable in monthly, bearing interest at 3.000%, through March 2038.	\$ 680,375	\$ -	\$ (42,482)	\$ 637,893	\$ 43,773

Annual debt service requirements for the above obligation are as follows:

Year Ended December 31,	Principal	Interest
2026	\$ 43,773	\$ 18,536
2027	45,106	17,205
2028	46,478	15,833
2029	47,888	14,427
2030	49,348	12,963
2031-2035	270,188	41,364
2036-2038	<u>135,112</u>	<u>4,765</u>
Total	<u>\$ 637,893</u>	<u>\$ 125,093</u>

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss and torts, errors, omissions, and employee injuries. The Authority has purchased commercial insurance for property, personal liability, and umbrella coverage. Settled claims relating to the commercial insurance are not expected to exceed the amount of insurance coverage.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 3, 2026, the date on which the financial statements were available to be issued.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 – FUND BALANCE DESIGNATIONS

The Authority has assigned \$7,800 toward payments for departing employees.

ROGERS CITY AREA FIRE DEPARTMENT AUTHORITY
PRESQUE ISLE COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 122,735	\$ 237,800	\$ 264,146	\$ 26,346
Interest	258	500	7,660	7,160
Grants	25,806	50,000	365	(49,635)
Charges for Services	2,065	4,000	3,500	(500)
Other Income	3,201	6,200	603	(5,597)
Proceeds from Sale	-	-	2,093	2,093
TOTAL REVENUES	154,065	298,500	278,367	(20,133)
EXPENDITURES:				
Insurance	8,258	17,071	17,071	-
Payroll Expenses	35,459	83,639	79,599	4,040
Equipment Repair	7,742	13,877	10,715	3,162
Equipment Testing	6,400	8,700	8,692	8
Professional Fees	5,161	10,700	9,250	1,450
Rent Expense	2,065	4,000	4,000	-
Fuel Expense	1,290	2,500	2,202	298
Supplies and Maintenance	13,419	16,989	14,800	2,189
Utilities	5,263	10,221	8,956	1,265
Education	258	527	527	-
Other	14,376	5,799	878	4,921
Capital Outlay	1,548	22,126	21,896	230
Debt Service	32,206	62,400	62,311	89
TOTAL EXPENDITURES	133,445	258,549	240,897	17,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,620	39,951	37,470	(2,481)
FUND BALANCE - Beginning of year	166,124	166,124	166,124	-
FUND BALANCE - End of year	\$ 186,744	\$ 206,075	\$ 203,594	\$ (2,481)

SEE NOTES TO FINANCIAL STATEMENTS.



**REQUIRED COMMUNICATION TO THE ROGERS CITY AREA FIRE
DEPARTMENT AUTHORITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS**

April 3, 2026

Rogers City Area Fire Department Authority Board Members
Presque Isle County, Michigan

We have audited the financial statements of the governmental activities, the aggregate, and the major fund of the Rogers City Area Fire Department Authority for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 7, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rogers City Area Fire Department Authority are described in Note 1 to the financial statements. During the fiscal year the Authority adopted GASB Statement No. 102, *Certain Risk Disclosures*. We noted no transactions entered into by Rogers City Area Fire Department Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the capital asset depreciation is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of Capital Assets in Note 1 to the financial statements estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representation

We have requested certain representations from management that are included in the management representation letter dated April 3, 2026.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, which is required supplemental information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

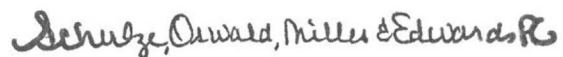
Upcoming Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This new accounting pronouncement will be effective for the Authority's fiscal year ending December 31, 2026.

In April 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. It also requires additional disclosures for capital assets held for sale. This new accounting pronouncement, which will be effective for the Authority's fiscal year ending December 31, 2026.

Restriction on Use

This information is intended solely for the use and information of the Board of Rogers City Area Fire Department Authority and the State of Michigan Department of Treasury and is not intended to be, and should not be, used by anyone other than these specified parties.



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
April 3, 2026



COMMUNICATION OF SIGNIFICANT DEFICIENCIES

To the Board Members of Rogers City Area Fire Department Authority
Presque Isle County, Michigan

In planning and performing our audit of the financial statements of the governmental activities the major fund, and the aggregate remaining fund information of the Rogers City Area Fire Department Authority, Presque Isle County, Michigan (the “Authority”) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

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

1. Lack of Adequate Controls to Produce Full-Disclosure GAAP Basis Financial Statements

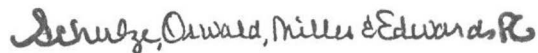
Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Authority’s management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the Authority has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Authority’s ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the Authority’s *internal* controls.

Cause: This condition was caused by the Authority's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Authority to perform this task internally.

Effect: As a result of this condition, the Authority lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The Authority has evaluated the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Authority to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
April 3, 2026