



102 W. Washington Suite 232
Marquette, MI 49855
906-235-2923
ironoreheritage@gmail.com

**IRON ORE HERITAGE RECREATION AUTHORITY
BOARD MEETING
WEDNESDAY, FEBRUARY 23, 2022, 4:30 PM
U.P. STATE BANK**

DRAFT AGENDA

- I. ROLL CALL
- II. PUBLIC COMMENT (Agenda Items – Limit to three minutes)
- III. APPROVAL OF CONSENT AGENDA
 - A. January Minutes
 - B. January Financials
 - C. February Bills to be Paid
- IV. APPROVAL OF AGENDA
- V. OLD BUSINESS
 - A. Michigan Grant Updates
 - 1. 2021 Trust Fund Negaunee Boardwalk
 - 2. 2022 MNRTF Development Grant for Lakenenland
 - 1. Lease Addendum with State of Michigan Resolution to Sign
 - 2. Trail Route/Surfacing
 - 3. Lakenenland Accessibility issues/Iron Belle Response
 - 3. 2022 MNRTF Acquisition Grant,
 - 1. Appraisal
 - 2. Grantor Conversation about Land Conservation/Green space planning
 - 3. Regional Significant points
 - B. Millage Renewal Update
 - C. Negaunee Township Trailhead Project
 - D. 2022 Maintenance Projects
 - a. Asphalt Repair
 - b. Perkins Property trailhead
- VI. NEW BUSINESS
 - A. 2021 Audit Letters
 - B. Negaunee Request for Playground at Trailhead, Patronicity Project
- VII. ADMINISTRATOR REPORT
- VIII. BOARD COMMENT
- IX. PUBLIC COMMENT
- X. ADJOURNMENT

NEXT MEETING DATE: March 23, 2022 ,Ishpeming Senior Center and Zoom



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IRON ORE HERITAGE RECREATION AUTHORITY BOARD MEETING MINUTES OF JANUARY 19, 2022

DRAFT AGENDA

- I. ROLL CALL – Don Britton, Chair, Chocolay; Glenn Johnson, Vice Chair/Secretary, Marquette Township; Al Reynolds, Executive Committee At-Large, Negaunee Township; Bob Hendrickson, Negaunee; Larry Bussone, Ishpeming; Dawn Hoffman, Tilden; Jim Brennan, Republic
Excused Absence: Lauren Luce, Treasurer, Marquette County; Nick Leach, Marquette Staff: Carol Fulsher
Guests: Mike Springer, Alternate, Marquette Township; Rob Katona, DNR
- II. PUBLIC COMMENT (Agenda Items – Limit to three minutes) – No public comment
- III. APPROVAL OF CONSENT AGENDA – **Brennan motioned to approve consent agenda as presented; Hoffman seconded motion.** Consent agenda included December 2021 meeting minutes; December balance sheet showing assets of \$823,852; liabilities of \$357,704 and equity of \$466,148;
December profit and loss showing December income of \$3996, expenses of \$22,582 for net income of \$(18,585). YTD income of \$66,9878.
Q4 budget v actual as of December showing income at 91% of budget; expenses at 89% of budget. YTD income at 99% and YTD expenses at 102%.
December General Ledger showing checks written 1369 to 1383, and January bills to be paid totaling \$35,597.
Vote and motion carried.
- IV. APPROVAL OF AGENDA – **Brennan motioned to approve agenda as presented; Hoffman seconded motion. Vote and motion carried.**
- V. OLD BUSINESS
 - A. Michigan Grant Updates
 1. 2021 Trust Fund Negaunee Boardwalk - A professional services proposal letter was presented to board for the boardwalk project. Fees for engineering services for design, drawings/bidding, and construction admin of \$33,200 which is less than the amount budgeted in grant paperwork. **Bussone motioned to approve and sign professional services proposal with Sanders-Czapski; Johnson seconded motion. Vote and motion carried.**
 2. 2022 MNRTF Development Grant for Lakenenland – Fulsher noted she is working with DNR on getting a land lease with State extended for 5 miles to get us to Lakenenland so we have land control. Katona noted that the State is moving forward on lease. Noted that lease will include that the trail remains Restricted ORV, meaning ORV's 65" or less can use the trail.

3. 2022 MNRTF Acquisition Grant,
 1. Appraisal cost of \$3500 – Fulsher noted that the owners of the property of the 176 acres wanted to try again for the Trust Fund acquisition grant. Fulsher wanted to get a better value of the land since the last appraisal was in 2005. After Brennan talked to his assessor in Republic, he recommended a new appraisal and felt we were undervaluing the land. Fulsher contacted Swanson and Mercier to see if they could fit us in for an appraisal before grant deadline. They can and quoted \$3500 for the full DNR “best use” appraisal. **Brennan motioned to hire Swanson and Mercier to do the “best use” appraisal for a fee of \$3500; Hendrickson seconded the motion.** Discussion on necessity of full appraisal, cost sharing. **Vote and motion carried.**
 2. U.P. Land Conservancy Conversation – The acquisition grant scoring offers 25 extra points in the land is in land conservancy or green space planning. Fulsher has had preliminary conversations with Andrea Denham from U.P. Land Conservancy to see if they are interested in including this parcel in their conservancy. Denham will forward request to her board for determination.
4. MDARD Grant for Lakenenland – Another opportunity to get some funding for the Lakenenland project which will be \$500K or more and Trust Fund only offers \$300K maximum.

B. Millage Renewal Resolution for millage language of .1970 mills – Fulsher noted that in July 2021 the board approved a resolution to approve a renewal vote of our millage at .1971 mills. In the months since then, Fulsher received a call from Anne Giroux at the County that our millage request should be .1970 because we needed to round down. In order to have the resolution and ballot language match, we need to consider this new resolution for the .1970 mills. **Brennan motioned to approve and sign the resolution to renew the .1970 mills in August of 2022. Johnson seconded motion. Roll call vote was taken and motion passed 7 yesses, 0 no’s, and 2 absent.**

C. Negaunee/IOHRA Land Lease Agreement Resolution – The final lease agreement and resolution to sign lease prepared by our attorney is included in packet. **Hendrickson motioned to approve and sign the resolution and lease; Bussone seconded.** Bussone’s survey will be included as Exhibits in the lease laying out exact legal land descriptions. **A roll call vote was taken and the motion passed with 7 yesses, 0 no;s and 2 absent.**

D. Negaunee Township Trailhead Project – An update was provided on this project. Oberstar cleared and graveled the driveway and parking lot before the snow came. Will need to install vault toilet, signage, bench, and bike rack in spring/summer 2022.

VI. NEW BUSINESS

A. 2022 Maintenance Projects

1. Asphalt Repair – Fulsher noted that she is working with Coleman Engineering on RFP language for replacing 1110 linear feet of bumpy, cracked asphalt between Washington Street in Ishpeming through and a bit east of the r/r crossing in Negaunee. Discussed digging up asphalt, putting down herbicide and trenching and replacing asphalt with 2” of new asphalt of 4” of concrete. Discussion on using recycled asphalt/tire mix. Fulsher to speak with Bill Sanders. Need to get this RFQ out early to get best pricing.

2. ORV Grading/Bike Path mix in Tilden – Fulsher noted that the ORV gravel/grading grant will focus on repairing holes in Tilden and grading the rest of trail.

3. Perkins Property Trailhead, Ishpeming (not budgeted) – Discussion on what to do with the property near Winthrop Junction. Fulsher asked for direction on what we want at this property. Board directed her to work with Bill Sanders on design for trailhead.

B. Marquette Lions Club Letter of Support – Fulsher noted that we had voted to approve a letter of support the Lions Club/City of Marquette Recreation Passport to upgrade the Lions Park near the Father Marquette park. Fulsher noted that since that time, she spoke with the grantees and felt we could provide an in-kind donation of an interpretive sign to talk about the miners strike of 1865. Cannons were brought in to the land to scare the miners and get them back to work. **Hoffman motioned to approve the letter and the in-kind donation of sign; Reynolds seconded motion. Vote and motion passed.**

- VII. ADMINISTRATOR REPORT – Fulsher noted that she had an hour long conversation with Dan Korhonen, an Iron Range Roll organizer and interested party, who wants to do a video about the history and development of the Iron Ore Heritage Trail, much like the Redhead Mountain Bike Trail in Minnesota. Also let board know she is working on 2021 audit.
- VIII. BOARD COMMENT – Johnson noted that there is a display area at his bank that we could use to promote Heritage Trail.
Brennan noted that he is working on getting access to the Republic wetlands
- IX. PUBLIC COMMENT – Katona looking for information on who bought the Canadian National line in Upper Peninsula.
- X. ADJOURNMENT - **Bussone motioned to adjourn meeting; Hoffman seconded motion. Vote and motion carried and meeting adjourned at 5:30 pm.**

Iron Ore Heritage Recreation Authority

Balance Sheet

January 2022

10:18 AM

01/24/2022

Accrual Basis

Jan, 22

ASSETS

Current Assets

Checking/Savings

001-006 · Embers Savings	154,877.85
001-005 · nicolet promontory acct	408,720.96
001-004 · nicolet bank checking account	39,973.03
Total Checking/Savings	<u>603,571.84</u>

Accounts Receivable

018-012 · Taxes Receivables - unassigned	-280.29
018-000 · Taxes Receivable	
018-001 · Taxes Receivable - Tilden	4,044.51
018-002 · Taxes Receivable - Ishpeming	21,892.08
018-003 · Taxes Receivable - Negaunee	17,603.16
018-004 · Taxes Receivable - NEG TWP	24,358.34
018-005 · Taxes Receivable - MQT TWP	51,866.93
018-006 · Taxes Receivable - Marquette	-3,074.51
018-007 · Taxes Receivable - Chocolay	43,627.28
018-011 · Taxes Receivable - Rep Twp	5,583.22
Total 018-000 · Taxes Receivable	<u>165,901.01</u>

Total Accounts Receivable

165,620.72

Other Current Assets

018-013 · Taxes Receivable - unassigned	30,973.52
Total Other Current Assets	<u>30,973.52</u>

Total Current Assets

800,166.08

TOTAL ASSETS

800,166.08

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

202-000 · Accounts Payable	-300.10
Total Accounts Payable	<u>-300.10</u>

Other Current Liabilities

204-000 · Accrued Wages	6,405.18
203-000 · Unearned revenue	16,323.53
200-258 · Federal Taxes	1,492.56
200-259 · State Taxes	1,096.05
Total Other Current Liabilities	<u>25,317.32</u>

Total Current Liabilities

25,017.22

Total Liabilities

25,017.22

Equity

395-000 · Unrestricted Net Assets	470,812.99
Net Income	304,335.87
Total Equity	<u>775,148.86</u>

TOTAL LIABILITIES & EQUITY

800,166.08

Iron Ore Heritage Recreation Authority
Profit & Loss
 January 2022

Jan 2022

Ordinary Income/Expense

Income

General Revenue

674-002 · Individual Contributions

96.02

401-000 · Taxes

332,989.32

Total General Revenue

333,085.34

Program Revenue

Unrestricted

642-000 · Promo Sales

30.00

Total Unrestricted

30.00

Total Program Revenue

30.00

Total Income

333,115.34

Gross Profit

333,115.34

Expense

62800 · Facilities and Equipment

62890 · Rent, Parking, Utilities

322.37

Total 62800 · Facilities and Equipment

322.37

701-000 · Payroll

701-001 · Salaries and Wages

6,069.00

701-002 · Payroll taxes

528.61

Total 701-000 · Payroll

6,597.61

727-000 · Office Supplies

13.77

803-000 · Professional Services Fees

1,920.00

850-000 · Telephone, Telecommunications

30.25

870-000 · Board Meeting Expenses

15.89

970-000 · Capital Outlay

970-200 · Trail Expense

970-211 · Negaunee Township Trailhead

19,800.00

970-202 · Trail Supplies

77.43

Total 970-200 · Trail Expense

19,877.43

Total 970-000 · Capital Outlay

19,877.43

990-000 · Debt Service

990-002 · Bank Fees

2.15

Total 990-000 · Debt Service

2.15

Total Expense

28,779.47

Net Ordinary Income

304,335.87

Net Income

304,335.87

Iron Ore Heritage Recreation Authority
Profit & Loss Budget vs. Actual
 January 2022

11:10 AM
 02/17/2022
 Accrual Basis

Ordinary Income/Expense	Jan 22	Budget	% of Budget
Income			
018-016 · other receivables	0.00	0.00	0.0%
General Revenue			
674-002 · Individual Contributions	96.02	0.00	100.0%
674-001 · Corporate Contributions	0.00	0.00	0.0%
401-000 · Taxes	332,990.22	330,000.00	100.91%
664-000 · Interest	48.10	25.00	192.4%
671-000 · Other Revenue	0.00	0.00	0.0%
Total General Revenue	333,134.34	330,025.00	100.94%
Program Revenue			
Unrestricted			
580-000 · Local governmental	0.00	0.00	0.0%
642-000 · Promo Sales	45.00	15.00	300.0%
Total Unrestricted	45.00	15.00	300.0%
Restricted			
674-004 · benches	0.00	0.00	0.0%
538-000 · ORV State Grant	0.00	5,000.00	0.0%
674-005 · Individual Contributions	0.00	0.00	0.0%
674-003 · Mile Marker	-1.04	0.00	100.0%
539-000 · State Grants	0.00	0.00	0.0%
540-000 · Corporate & Nonprofit	0.00	0.00	0.0%
Restricted - Other	0.00	0.00	0.0%
Total Restricted	-1.04	5,000.00	-0.02%
Total Program Revenue	43.96	5,015.00	0.88%
Total Income	333,178.30	335,040.00	99.44%
Gross Profit	333,178.30	335,040.00	99.44%
Expense			
62800 · Facilities and Equipment			
62890 · Rent, Parking, Utilities	322.37	325.00	99.19%
Total 62800 · Facilities and Equip	322.37	325.00	99.19%
701-000 · Payroll			
701-001 · Salaries and Wages	6,069.00	6,190.00	98.05%
701-002 · Payroll taxes	528.61	483.00	109.44%
Total 701-000 · Payroll	6,597.61	6,673.00	98.87%
727-000 · Office Supplies	13.77	100.00	13.77%
730-000 · Office Equipment	0.00	0.00	0.0%
800-000 · Operations			
800-001 · Books, Subscriptions,	0.00	530.00	0.0%
800-002 · Postage, Mailing Servi	0.00	0.00	0.0%
800-004 · Volunteer Recognitior	0.00	0.00	0.0%

	Jan 22	Budget	% of Budget
Total 800-000 · Operations	0.00	530.00	0.0%
800-955 · Insurance - Liability, D a	0.00	0.00	0.0%
800-956 · Insurance - Workers' Cc	0.00	0.00	0.0%
802-000 · Accounting Contract Se	0.00	150.00	0.0%
803-000 · Professional Services F	1,920.00		
850-000 · Telephone, Telecommu	30.25	140.00	21.61%
860-000 · Travel and Meetings	0.00	0.00	0.0%
870-000 · Board Meeting Expense	15.89	50.00	31.78%
880-000 · Marketing			
880-005 · Print advertising	0.00	0.00	0.0%
881-000 · Public Relations	0.00	0.00	0.0%
884-000 · Website	0.00	0.00	0.0%
885-000 · Logo Apparel	0.00	0.00	0.0%
Total 880-000 · Marketing	0.00	0.00	0.0%
900-000 · Printing and Publishing	0.00	0.00	0.0%
956-000 · Property tax	0.00	0.00	0.0%
970-000 · Capital Outlay			
970-100 · Signage			
970-101 · Trail directional sign	0.00	0.00	0.0%
970-103 · Interpretive signs	0.00	60.00	0.0%
970-104 · Trail mile marker exp	0.00	0.00	0.0%
Total 970-100 · Signage	0.00	60.00	0.0%
970-200 · Trail Expense			
970-211 · Negaunee Township	19,800.00	0.00	100.0%
970-210 · Carp River Kiln	0.00	0.00	0.0%
970-209 · Weather Shelters	0.00	0.00	0.0%
970-204 · ORV Trail Work	0.00	0.00	0.0%
970-208 · trail head	0.00	0.00	0.0%
970-202 · Trail Supplies	77.43	0.00	100.0%
970-203 · Trail Maintenance	0.00	0.00	0.0%
970-205 · Negaunee to Marq. T	0.00	0.00	0.0%
970-206 · Grooming Expenses	0.00	0.00	0.0%
Total 970-200 · Trail Expense	19,877.43	0.00	100.0%
970-300 · Engineering	0.00	0.00	0.0%
Total 970-000 · Capital Outlay	19,877.43	60.00	33,129.05%
990-000 · Debt Service			
990-001 · Interest Payment	0.00	0.00	0.0%
990-002 · Bank Fees	2.15	0.00	100.0%
Total 990-000 · Debt Service	2.15	0.00	100.0%
Total Expense	<u>28,779.47</u>	<u>8,028.00</u>	<u>358.49%</u>
Net Ordinary Income	<u>304,398.83</u>	<u>327,012.00</u>	<u>93.09%</u>
Net Income	<u><u>304,398.83</u></u>	<u><u>327,012.00</u></u>	<u><u>93.09%</u></u>

Iron Ore Heritage Recreation Authority
General Ledger
January 2022

	<u>Name</u>	<u>Split</u>	<u>Amount</u>
	001-006 · Embers Savings		
Deposit	Embers	664-000 · Interest	13.15
	Total 001-006 · Embers Savings		
	001-005 · nicolet promontory acct		
		664-000 · Interest	34.93
	Total 001-005 · nicolet promontory acct		
	001-004 · nicolet bank checking account		
1384	Carol L Fulsher	701-001 Salary	-4,782.79
Deposit	Republic, Tilden, Marquette	401-000 property tax payments	3,446.96
Deposit	Scott Lindberg	674-002 · Individual Contributions	96.02
Deposit	Tilden, Republic	401-000 property tax payments	4,177.95
1385	City of Negaunee	970-202 trail supplies/lighting	-15.00
1387	Clark Properties	628-900 Rent	-270.00
1391	mARQUETTE BLP	970-202 trail supplies; 628-900 utilities	-114.80
1388	Marquette Co Treasurer	401-000 property tax reimbursement	-10.68
1389	Oberstar	970-211 Neg. Twp Trailhead	-19,800.00
1390	Visa	Misc.	-62.06
Deposit	State of MI	018-009 · ORV Grant payment	4,665.00
1386	Steward & Sheridan P.L	803-000 professional fee	-1,920.00
Deposit	Marquette, Aurore Pierced	401-000 property tax; merchandise	307.57
EFTPS	United States Treasury	701-002 federal payroll tax	-1,501.56
Deposit	Negaunee, Neg Twp	401-000 property tax payments	13,667.13

Iron Ore Heritage Recreation Authority
Bills to be Paid
February 2022

2:18 PM
02/15/2022

Name	Account	Amount
State of Michigan	200-259 · State Taxes	<u>773.79</u>
Intuit quickbooks	800-001 · Books, Subscriptions, Reference	<u>530.00</u>
United States Treasury	200-258 · Federal Taxes	<u>1,492.56</u>
Carol L Fulsher	701-002 · Payroll	<u>4,874.68</u>
Swanson Mercier & Associates	803-000 · Professional Services Fees	<u>1,750.00</u>
Loyaltees	885-000 · Logo Apparel	<u>52.80</u>
Visa	see below	<u>477.26</u>
Swanson Mercier & Associates	803-000 · Professional Services Fees	<u>1,750.00</u>
Becky Harju	802-000 · Accounting Contract Services	<u>130.00</u>
City of Negaunee	970-202 · Trail Supplies	<u>15.00</u>
Clark Properties	62890 · Rent, Parking, Utilities	<u>270.00</u>
Greater Ishpeming Negaunee	881-000 · Public Relations	<u>170.00</u>
mARQUETTE BLP	62890 · Rent, Parking, Utilities	51.63
mARQUETTE BLP	727-000 · Office Supplies	<u>62.48</u>
Steward & Sheridan P.L.C.	803-000 · Professional Services Fees	<u>630.00</u>
Verizon	850-000 · Telephone, Telecommunications	<u>75.95</u>
	TOTAL	13,106.15

Visa Bill

727-000 · Office Supplies	adobe monthly fee	-13.77
727-000 · Office Supplies	intuit 990 forms	-43.77
727-000 · Office Supplies	file boxes, staples,labels, paper	-89.22
727-000 · Office Supplies	hp color cartridges	-77.37
727-000 · Office Supplies	hp black cartridge	-38.15
800-002 · Postage, Mailing Service	u.s. post office	-58.00
850-000 · Telephone, Telecommunications	nmu ean	-30.25
870-000 · Board Meeting Expenses	zoom	-15.89
800-002 · Postage, Mailing Service	u.s. post office	-9.24
850-000 · Telephone, Telecommunications	verizon bill (december)	-101.60
		<hr/>
		-477.26

LEASE ADDENDUM (2)

#L-10220

Between

the State of Michigan, as Permitter

and

Iron Ore Heritage Recreation Authority, as Permittee

The State of Michigan, **Department of Natural Resources** (the Lessor), **Iron Ore Heritage Recreation Authority**, (the Lessee) whose address is 102 West Washington Street #232, Marquette, MI 49855, do hereby agree to the terms and conditions of this Addendum to the **Lease** between the above stated parties executed on **January 4, 2012**. Where the Lease or any previous Addendums conflict with this Addendum, this Addendum shall control the Agreement between the parties. All other portions of the Agreement and Addendums that are not in conflict are herein incorporated.

The Lease shall be amended as follows:

Premises shall be amended to include a strip of land one hundred feet (more or less) in width being former right of way of the Soo Line Railroad Company, said fifty feet on each side of the centerline of the main track of said Soo Line Railroad Company, over and across the following described property in Marquette County, Michigan: T47N, R23W, commencing at the West R/W of Kawbawgam Road in the NW1/4 of SW1/4 of Section 7, T47N, R23W, Marquette County, Michigan, thence traversing in an Easterly direction 100 feet in width across Sections 7, 8, 9, 10 and 11 and ending at a point known as Lakenenland Way within the NE1/4 of NW1/4 of Section 11, T47N, R23W, Marquette County, Michigan (see Attachment A for a map).

The terms and conditions of this Lease Addendum shall take effect on the day this Addendum is executed.

Each of the signatories below herein represents and warrants that the execution, delivery, and performance of this Agreement has been duly authorized and signed by a person who has legal authority to sign on behalf of its business or organization as named in this Agreement.

TERMS ACCEPTED

PERMITTER: DEPARTMENT OF NATURAL RESOURCES

Signature
RONALD A. OLSON, CHIEF
PARKS AND RECREATION DIVISION

Date

PERMITTEE: IRON ORE HERITAGE RECREATION AUTHORITY

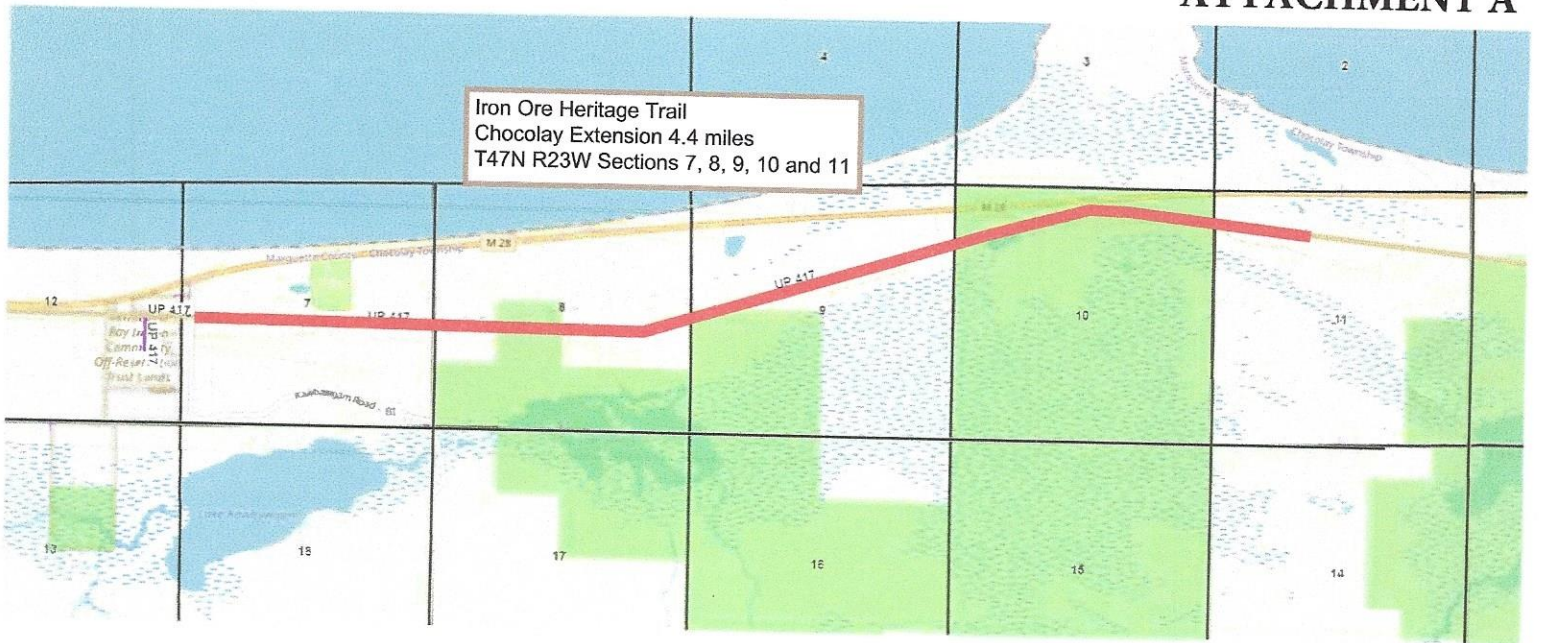
Signature

Date

Printed Name

Title

ATTACHMENT A





102 W. Washington Street, #232
Marquette, MI 49855
906-235-2923
ironoreheritage@gmail.com

RESOLUTION TO SIGN THE LEASE ADDENDUM (2) L-10220 BETWEEN THE STATE OF MICHIGAN (PERMITTER) AND IRON ORE HERITAGE RECREATION AUTHORITY (PERMITTEE) FOR EXTENSION OF TRAIL TO LAKENENLAND

Whereas, the Iron Ore Heritage Recreation Authority, a Michigan Recreation Authority, formed to build, manage, and maintain the year round, multi-use, interpretive Iron Ore Heritage Trail through Marquette County,

And Whereas, the addendum of State Lease L-10220 would provide the Iron Ore Heritage Recreation Authority land control to build five additional miles of trail within the Soo Line Corridor in Chocolay Township, a member municipality,

And Whereas, the Iron Ore Heritage Recreation Authority would allow for a trail connection for non-motorized users to access Lakenenland, a metal sculpture park, along the Soo Line corridor,

And Whereas, this non-motorized trail will be separate, but parallel to the ORV/snowmobile trail that already exists,

Now, therefore, be it resolved that the Iron Ore Heritage Recreation Authority does hereby approve the signing of the Lease Addendum (2) between the State of Michigan and the Iron Ore Heritage Recreation Authority.

Further resolved, that the President or Secretary are hereby authorized and directed to sign the Land Lease on behalf of the Authority.

(Yeas: Nays: Absent:)

I, _____, Secretary of the Iron Ore Heritage Recreation Authority, do hereby certify that the foregoing is a true and original copy of a resolution adopted by the Iron Ore Heritage Recreation Authority at a Meeting thereof held on the _____ day of _____.

Glen Johnson
Vice Chair/Secretary

PART II: PROPERTY DATA

L. THE APPRAISAL PROCESS

The appraisal process is an orderly procedure wherein the data utilized in estimating the value of the subject property is acquired, classified, analyzed, and presented. The first step in this process involves defining the appraisal problem as to the identification of the real estate, effective date of the value estimate, the identification of the property rights being appraised, and the type of value being sought. Once this has been accomplished, the appraiser embarks upon a data collection and analysis program of factors which affect the market value of the subject property including area and neighborhood analysis, site and improvement analysis, highest and best use analysis, and the application of the available approaches to value are generally utilized, the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The Sales Comparison Approach is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring a property with the same utility. This approach involves the analysis and comparison of market transactions; i.e., the prices being paid for similar properties, prices asked by owners, and offers made by prospective purchasers on comparable property, to arrive at an indication of what the property would have sold for had it been identical to the subject. Typically, a common denominator is found such as price per square foot or price per acre. The adjusted sale prices are then correlated into an indication of value for the subject.

Because the subject is vacant land, only the Sales Comparison Approach is used in this appraisal.

Reconciliation is the final step in the appraisal process. In the reconciliation, the appraiser considers the relative applicability of the data utilized, examines the range between the value indications, and places emphasis on the data which appear to produce the most reliable and applicable solution to the specific appraisal problem. The purpose of the appraisal, the type of property, and the adequacy and reliability of the data is analyzed and these considerations influence the weight to be given to the market data used.

PART III: VALUATION ANALYSIS & CONCLUSION

A. SALES COMPARISON APPROACH TO VALUE

The Sales Comparison Approach is based on the "principal of substitution", which states that when several commodities or services with substantially the same utility or benefit are available, the one with the lowest price attracts the greatest demand and widest distribution.

The five basic steps used in the Sales Comparison Approach to value are as follows:

1. Research the market to identify similar properties for which pertinent sales, listings, offerings, and/or rental data is available.
2. Qualify the prices as to terms, motivating forces, and bona fide nature.
3. Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristic, and conditions of sale.
4. Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
5. From the pattern developed, formulate an opinion of market value for the property being appraised.

General Valuation Comments

The subject's total parcel contains 176.64-acres of vacant land. There is no legal access to the parcels as they are land locked. The appraiser researched, via the North Central Upper Peninsula Multi-List System, sales of vacant land between 80 and 250-acres dating back to January 1, 2019, in Marquette County. Attempts were made to find comparables that had no access (land locked) or were seasonal access. The sales are analyzed on the next page with details of each sale found in the Addendum portion of this report.

PART III: VALUATION ANALYSIS & CONCLUSION

LAND SALE ADJUSTMENT GRID

Sale	Sale Date	Sale Price	Size AC	Price Per AC	Size	Access	Zoning	Utilities	Road	Adj. Price Per FF
1.	02/03/21	\$265,000	185 AC	\$1,432	Similar -0-	Seasonal Superior -5%	OS Open Spc -0-	None Similar -0-	Private Dirt -0-	\$1,360
2.	11/17/21	\$157,500	160 AC	\$984	Similar -0-	No Access -0-	TP Timber Prod -0-	None Similar -0-	None Similar -0-	\$984
3.	10/04/21	\$95,000	80 AC	\$1,186	Smaller -5%	Seasonal Superior -5%	RP Resource Prod -0-	None Similar -0-	Private Dirt -0-	\$1,067
4.	11/22/21	\$75,500	80 AC	\$969	Smaller -5%	Seasonal Very Remote -0-	TP Timber Prod -0-	None Similar -0-	Public Dirt -0-	\$921
Sub	N/A	N/A	177 AC Rounded	N/A	177 AC	No Access	GB & RR	None	None	N/A

Notes: 1) Sales are all cash to the Seller.
2) No time adjustment is made as the sales are current.

PART III: VALUATION ANALYSIS & CONCLUSION

Explanation of Adjustments

- Size** The comparable sales range in size from 80-acres to 185-acres. Typically, the size adjustment is based on smaller parcels selling for more per unit of comparison (in this case, per acre) than larger parcels. A modest adjustment for size is made to Sales 3 and 4.
- Access** The subject has no legal access and is land locked. Only Sale 2 is similar in that respect. The remaining sales had Seasonal access and were adjusted.
- Zoning** No adjustment could be attributed to the zoning classification. No adjustment was made.
- Utilities** None of the sales, nor the subject, had any utilities available to the parcel. No adjustments were necessary.
- Road** The subject does not have access, therefore, no road. Only Sale 2 was similar in that respect. The remaining sales were located on either private or dirt roads. No adjustment is made here for differences as the adjustment is considered under access. This amenity is shown for illustration only.

Reconciliation – The above adjusted sales are organized below in an organized fashion that assists the reader in understanding the value conclusion. Similar weight is placed on all sales in arriving at an overall price-per-acre. Based on this the per-acre value estimate for the subject is estimated to be \$1,050 per-acre.

Summary of Indicated Values

Highest Indicated Value per Acre	\$1,360
Mean Indicated Value per Acre	\$1,083
Median Indicated Value per Acre	\$1,026
Lowest Indicated Value per Acre	\$ 921

VALUE VIA THE SALES COMPARISON APPROACH IS THEN:

$$\mathbf{\$1,050 \text{ per Acre} \times 176.64\text{-Acres} = \$185,000 \text{ (Rounded)}}$$



January 21, 2022

To the Board of Directors and Ms. Carol Fulsher
of the Iron Ore Heritage Recreation Authority
102 W. Washington Street, Suite 232
Marquette, Michigan 49855

We are pleased to confirm our understanding of the services we are to provide the Iron Ore Heritage Recreation Authority (the "Authority") for the year ended December 31, 2021.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Authority as of and for year ended December 31, 2021. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, 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. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. General Fund – Budgetary Comparison Schedule

We have also been engaged to report on supplementary information other than RSI that accompanies the Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

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

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as

auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with accounting principles generally accepted in the United States of America based on information provided by you. Additionally, we will assist with converting the Authority's books from cash-basis method of accounting to the accrual-basis method of accounting in conformity with accounting principles generally accepted in the United States of America and maintain the Authority's capital asset schedule for financial statement purposes in conformity with GASB 34 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services, cash to accrual accounting services, and maintenance of the capital asset schedule for financial statement purposes as previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we

determine it necessary to obtain audit evidence.aa At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditors report, or reference to Anderson, Tackman & Company, PLC, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

With regard to an exempt offering document in which Anderson, Tackman & Company, PLC is not involved, you agree to clearly indicate in the exempt offering document that Anderson, Tackman & Company, PLC is not involved with the contents of such offering document.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Anderson, Tackman & Company, PLC, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Michigan Department of Treasury or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Anderson, Tackman & Company, PLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Michigan Department of Treasury. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Michael A. Grentz, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in February 2022 and to issue our reports no later than June 30, 2022.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$5,400. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed management and those charged with governance of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw

from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report and letter of comment can be found by accessing the Peer Review Public File link on the AICPA website. Our firm number is 900010001417, which can be used to perform a Firm Search. The direct address to perform a Firm Search is:

https://peerreview.aicpa.org/public_file_search.html

In the event, through cause, either party shall fail to fulfill in a timely and proper manner the obligations under the agreement or if either shall violate any of the covenants, agreements or stipulations of the agreement; either party shall thereupon have the right to terminate this agreement by written notice specifying the reasons and the effective date thereof. In the event of termination all property finished or unfinished shall belong to the party whom prepared the documents.

All disputes under this agreement shall be submitted to mediation. Each party shall designate an executive officer or principal empowered to resolve the dispute. Should the designated representatives be unable to agree on a resolution, a mediation service acceptable to both parties shall select a mediator to mediate the dispute. Each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties.

In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith.

In the performance of this agreement, we will not discriminate against any employee whom we employ in the work covered by this agreement because of race, color, religion, sex or national origin.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Michael A. Grentz, CPA

Michael A. Grentz, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Iron Ore Heritage Recreation Authority.

Management
Signature: _____
Title: <u>Administrator</u> _____

Governance
Signature: _____
Title: <u>Board Chairperson</u> _____



January 21, 2022

Board Chairperson of the
Iron Ore Heritage Recreation Authority
102 W Washington Street, Suite 232
Marquette, Michigan 49855

We are engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Iron Ore Heritage Recreation Authority (the "Authority") for the year ended December 31, 2021. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated January 21, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the required supplemental information, as listed in the table of contents of the audited financial statements, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, which accompanies the financial statements but is not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of Audit, and Other

Audit Planning Process

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Addressing Risk in the Audit

We will use the knowledge and understanding about your entity gathered in the audit planning process, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provides us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consists of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and
- An evaluation of the design and effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the company's internal control).

We will then determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

Internal Control Relevant to the Audit

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of your organization's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

Materiality in Planning and Executing the Audit

In planning the audit, the materiality limit is viewed as the maximum aggregate misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Timing of the Audit

We have worked with management to determine a mutually agreeable timetable for the various phases of our audit. Key dates are as follows:

Preliminary fieldwork:	Not applicable
Year-end fieldwork:	February 2022
Final:	June 30, 2022

Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit. Please utilize this timetable to relate any matters relevant to the audit.

Communication

Effective two-way communication between Anderson, Tackman & Company, PLC and members of the Authority's Board is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Authority and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We may discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of management.

We will timely communicate to you any fraud involving management and other fraud that causes a material misstatement of the financial statements, illegal acts that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Anderson, Tackman & Company, PLC is permitted to own any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by Anderson, Tackman & Company, PLC and require audit clients to accept certain responsibilities in connections with the provision of permitted non-attest services.

Consideration of Fraud in a Financial Statement Audit

The Accounting Profession has implemented the Statement of Auditing Standards #99 *Consideration of Fraud in a Financial Statement Audit*. This statement requires us to not only evaluate fraud at our level but to inquire and make certain inquiries of the board, management & employees about the fraud risk in their organization at their respective levels. Accordingly, we are required to document this either in personal meeting or by letter. We are required to inquire about the following specific fraud issues:

- Your knowledge of any actual fraud or suspicions of fraud affecting the entity.
- Your awareness of any allegation of fraud or suspected fraud affecting the entity.
- Your understanding of the fraud risk within your entity, including any areas in which you feel are at greater risk or transactions that questionable in nature.
- How the Board members communicate to each other, management, and employees the importance of ethical behavior and business practices.
- Whether any programs and controls have been implemented to address the risk of fraud or otherwise help or deter & detect fraud, including monitoring controls.
- The nature of monitoring multiple locations or business segments and whether any of them possess a higher degree of fraud risk.
- Your overall knowledge of your organization's compliance with the applicable laws and regulations.

For the purpose of our audit, fraud is defined as "an intentional act that results in a material misstatement in the financial statements that are subject to an audit." Two types of misstatements are considered relevant to the audit (1) misstatements arising from fraudulent financial reporting, often in the form of "cooking the books" or processing false transactions and (2) misstatements arising from misappropriation of assets, in other words, theft.

It is important that you understand the three conditions that are generally present when fraud occurs: (1) incentive/pressure, (2) opportunity, and (3) rationalization. Additionally, due to management's knowledge of the internal control structure and ability to circumvent internal controls, management has increased ability to perpetrate fraud. For that reason, it is essential that the Authority's Board be cognizant of the potential for fraud.

Closing

We ask you to document your understanding of this letter by signing this correspondence and responding in the space below to the specific issues listed above. Generally speaking, the intent of this is to assist in your understanding of your role in governance and prevention or identification of fraud in your organization and communication of that to us, the auditors, so we can tailor our program to be responsive to those concerns, if any.

If you desire to communicate with us personally, please call our office at (906) 225-1166. We will be pleased to respond to any questions or comments you have or to coordinate a mutually acceptable time to meet. We appreciate the opportunity to be of service to the Authority.

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

Sincerely,

ANDERSON, TACKMAN & COMPANY, PLC

Michael Grentz

Michael A. Grentz, CPA
Partner



Nathan Heffron, City Manager

February 4, 2022

Dear Service Organization,

The City of Negaunee has been awarded a \$125,700 Michigan Department of Natural Resources Trust Fund Grant for the construction of a playground near the newly erected Jim Thomas Pavilion. In addition, several other organizations have pledged supporting funds for this project. The overall estimated cost of the project is \$167,647.00, with the match being nearly \$42,000.

Although the City certainly has the funding available to meet the needs of this project, a new and exciting financial program has been released under the Michigan Economic Development Corporation (MEDC) called Public Space Community Spaces, run through Patronicity.

This new program allows that city to create a 60-day campaign to raise funding for placemaking projects. Placemaking projects include parks, monuments, plazas, etc. The idea is, that a funding goal up to \$50k is chosen to be met within that 60-day limit, if met, the MEDC will match every dollar up to the \$50k. However, if the goal is not met, only the funds raised from donors can be collected.

The good news is, that the city will be launching a Patronicity campaign to help raise additional funding to expand upon the playground. It is our hopes that we can set a \$50K goal and raise an additional \$50k from Patronicity.

Currently, the city has several pledged donors that can help us meet the \$50k goal. This includes the Negaunee Lions Club (\$10,000), the Negaunee DDA (\$5000), the West End Health Foundation (\$6751.60) and the City of Negaunee (\$10,000), totaling, \$31,757.60.

We are requesting that your service organization consider donating to this project and help us close the \$18,248.40 gap. We are looking for early pledges so we can launch our campaign and be successful. As you recall, if we do not meet our stated goal, we will not get any match funding from the MEDC.



Nathan Heffron, City Manager

Any amount that you can pledge will be helpful and doubles if we meet our goal.

If your club is able to donate a minimum of \$1000 towards this project, we will pledge the following: acknowledgment online through our social media platform and the city website, direct mentions in press releases, an official invitation to the opening ceremony, and your organizations name or logo on the dedication sign.

This project will bring a much-needed playground near Downtown Negaunee. It adds more value to our community. Promoting health, outdoor recreation, and family connections. We hope that you to will see the value this project will bring to our community.

Please contact the City of Negaunee as soon as possible if you are able pledge a donation, we intend to launch our campaign on March 1, 2022. You may reach us at 906-475-7700, extension 12 for further details concerning your pledge. Please do not send a check until instructed to, it must be issued during the campaign or it will not count.

I personally thank you in advance for your consideration.

Sincerely,

Nate Heffron

City Manager