



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF IONIA

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INDEPENDENT AUDITORS' REPORT

November 2, 2023

Honorable Mayor and Members of the City Council
City of Ionia, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ionia, Michigan (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the required supplementary information on pages 43 through 47 be presented to supplement the 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, Dial-A-Ride transit schedules section, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride Transit Schedules Section balances at June 30, 2023, are the responsibility of management and, except for the Schedule of Nonfinancial Information, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Dial-A-Ride transit schedules section balances at June 30, 2023, except for the Schedule of Nonfinancial Information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride Transit Schedules Section balances at other than June 30, 2023, and the Schedule of Nonfinancial Information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis



As management for the City of Ionia, we offer readers of the City's financial statements this narrative of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and associated notes.

Financial Highlights

The foregoing financial reports reflect the City's on-going goal of implementing sound financial processes in order to deliver high quality services to City residents. The City has stabilized and incrementally improved its financial standing through implementing various management best practices, improved efficiencies such as through technology advances and focusing on vital capital improvement projects. Examples include:

- The City continued its participation in the State's City, Village, Township Revenue Sharing (CVTRS) Program, receiving the maximum funding level permitted.
- The millage rate adopted by the City Council during June 2022 to support 2022-23 was 8.976 mills, which was a decrease from 8.9855 mills in FY21-22.
- The City continues to invest in capital equipment and infrastructure to enhance service residents and visitors.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City'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 City is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of the City 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 City include general government administration, public safety, public works including major and local street construction and maintenance, culture and recreation, capital outlay, and debt service activities. The business-type activities of the City include Dial-A-Ride, sewer, water, and theatre operations.

The government-wide financial statements include the City (the *primary government*) as well as the Downtown Development Authority, Local Development Finance Authority, and Brownfield Redevelopment Authority component units for which the City is financially accountable. Financial information for the component units is reported separately from the financial information for the primary government.

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 City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City'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 City'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 City maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, major streets and parks facilities improvements fund which are considered to be a major funds.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual budget for its general and special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Dial-a-Ride, sewer, water and theatre operations. The City uses an internal service fund to account for its central garage which provides vehicle rental and services to other City departments on a cost reimbursement basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Dial-A-Ride, sewer and water operations, each of which are considered to be major funds of the City. The internal service fund is included as a single column in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis, major fund budgetary schedules, and pension plan schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$35,631,918 at the close of the most recent fiscal year.

A portion of the City's net position reflects unrestricted net position which is available for future operations, while a significant portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position is negative in the governmental activities primarily as a result of recording the governmental activities net pension liability and related deferred items.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$9,087,308	\$6,960,324	\$ 6,530,708	\$ 7,164,022	\$15,618,016	\$14,124,346
Capital assets	8,649,344	8,919,717	45,651,920	44,728,472	54,301,264	53,648,189
Total assets	17,736,652	15,880,041	52,182,628	51,892,494	69,919,280	67,772,535
Deferred outflows	3,377,768	2,350,717	510,687	396,719	3,888,455	2,747,436
Current and other liabilities	567,441	701,034	1,781,797	2,906,737	2,349,238	3,607,771
Noncurrent liabilities	10,852,714	8,301,256	24,671,795	25,769,430	35,524,509	34,070,686
Total liabilities	11,420,155	9,002,290	26,453,592	28,676,167	37,873,747	37,678,457
Deferred inflows	293,983	1,455,833	8,087	176,241	302,070	1,632,074
Net position						
Net investment in capital assets	9,469,200	8,919,717	21,332,162	19,042,671	30,801,362	27,962,388
Restricted	3,332,745	2,186,482	-	-	3,332,745	2,186,482
Unrestricted (deficit)	(3,401,663)	(3,333,564)	4,899,474	4,394,134	1,497,811	1,060,570
Total net position	\$9,400,282	\$7,772,635	\$26,231,636	\$23,436,805	\$35,631,918	\$31,209,440

Total net position for the City increased by \$4,422,478 from the prior year which is primarily due to increases in sewer and water fund net position, general and nonmajor governmental fund increased fund balance and a slight decline in the net pension liability.

Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$3,388,260	\$3,340,785	\$6,757,223	\$ 6,740,025	\$10,145,483	\$10,080,810
Operating grants and contributions	1,534,544	1,383,997	746,180	972,093	2,280,724	2,356,090
Capital grants and contributions	208,975	28,279	1,181,281	9,746	1,390,256	38,025
General revenues						
Property taxes	1,401,293	1,291,758	121,873	113,895	1,523,166	1,405,653
Income taxes	3,041,636	2,555,831	-	-	3,041,636	2,555,831
Other governmental sources	1,108,337	1,179,120	-	-	1,108,337	1,179,120
Interest	141,068	13,303	114,076	3,842	255,144	17,145
Other	-	29,697	-	-	-	29,697
Total revenues	10,824,113	9,822,770	8,920,633	7,839,601	19,744,746	17,662,371
Expenses						
General government	2,816,252	2,322,799	-	-	2,816,252	2,322,799
Public safety	3,338,249	2,423,435	-	-	3,338,249	2,423,435
Public works	2,090,103	1,789,982	-	-	2,090,103	1,789,982
Culture and recreation	711,862	603,028	-	-	711,862	603,028
Dial-a-Ride	-	-	971,821	786,473	971,821	786,473
Sewer	-	-	2,783,889	2,744,175	2,783,889	2,744,175
Water	-	-	2,277,570	2,368,927	2,277,570	2,368,927
Theatre	-	-	332,522	339,588	332,522	339,588
Total expenses	8,956,466	7,139,244	6,365,802	6,239,163	15,322,268	13,378,407
Increase (decrease) before transfers	1,867,647	2,683,526	2,554,831	1,600,438	4,422,478	4,283,964
Transfers	(240,000)	-	240,000	-	-	-
Increase (decrease) in net Position	1,627,647	2,683,526	2,794,831	1,600,438	4,422,478	4,283,964
Net position - beginning of year	7,772,635	5,089,109	23,436,805	21,836,367	31,209,440	26,925,476
Net position - end of year	\$9,400,282	\$7,772,635	\$26,231,636	\$23,436,805	\$35,631,918	\$31,209,440

Governmental Activities. During the year, the City invested \$3,338,249 or 37% of governmental activities expenses in Public Safety. Public Works, which includes major and local streets was \$2,090,103 or 23% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 40% of governmental activities expenses.

Business-type Activities. Business-type activities increased the City's net position by \$2,794,831 primarily due to controlled sewer and water expenditures and scheduled rate increases.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,928,452, an increase of \$2,218,905 in comparison with the prior year. Of the \$7,928,452, \$2,088,484 is reported as unassigned. The remaining amount of fund balance is reported in various funds as assigned, restricted or non-spendable for certain uses such as street construction and maintenance, solid waste, recreation and construction.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General fund was \$2,088,484. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 35% of total General fund expenditures. The fund balance of the City's General fund increased by \$1,051,490 during the current fiscal year primarily as a result of increased property taxes and income taxes.

The major streets fund is used to account for the receipt of state shared gas and weight taxes that are restricted for the construction and maintenance of major streets. The fund balance of the major street fund increased by \$505,792 during the current fiscal year primarily as a result of state shared revenues exceeding construction and maintenance costs.

The parks facilities and improvements fund is used to account for the receipt of property taxes and other revenues that are used for the construction and improvement of City park facilities. The parks facilities and improvements fund increased fund balance by \$306,822 primarily as a result of property tax revenue and transfers in from other funds.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,899,474. The enterprise funds reported an increase in net position for the year of \$2,794,831. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

- Increased general fund fire revenue to reflect additional state contribution.
- Increased general fund revenue from licenses and permits due to marijuana business licensing and proactive zoning/utilities permits.
- Income tax revenues exceeded estimated due to continued recovery from the COVID-19 pandemic.
- Decreased pension unfunded accrual liability through extra payment to MERS via the general fund.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2023, amounted to \$54,301,264 (net of accumulated depreciation). Significant additions were made due to continued investment in the City's streets, water and sewer infrastructure.

The City's capital assets (net of depreciation) are summarized as follows:

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$ 759,533	\$ 1,219,180	\$ 1,978,713
Construction in progress	491,457	42,384	533,841
Buildings, equipment and Infrastructure	7,398,354	44,390,356	51,788,710
Total	\$8,649,344	\$45,651,920	\$54,301,264

Additional information on capital assets can be found in Note 7 of these financial statements.

Debt and other long-term liabilities. At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$35,524,509 summarized as follows:

Long-term Debt			
	Governmental Activities	Business-type Activities	Total
Accrued employee benefits	\$ 428,350	\$ 115,216	\$ 543,566
Net pension liability	10,424,364	1,431,202	11,855,566
Bond premium	-	985,377	985,377
Bonds payable	-	22,140,000	22,140,000
Total	\$10,852,714	\$24,671,795	\$35,524,509

The City made debt principal payments totaling \$1,215,000 during the year. Additional information on the City's long-term debt can be found in Note 9 of these financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2023-24 fiscal year:

- Conservative revenue estimates were prepared regarding the City Income Tax, State Revenue Sharing and Fire Protection Grant funds.
- The millage rate adopted by the City Council during June 2023 to support 2023-24 was 8.9741 mills, which decreased from 8.976 mills in FY22-23.
- Sanitary Sewer Utility charges were increased for FY 23-24. The sanitary sewer commodity charge increased from \$4.30 per 1,000 gallons to \$4.50 per 1,000 gallons. The water debt service charge increased from \$30.00/REU/quarter to \$32.00/REU/quarter. Water utility charges were increased for FY 23-24. The water commodity charge increased from \$4.00 per 1,000 gallons to \$4.10 per 1,000 gallons.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chris Hyzer, Finance Director, at (616) 527-4170, extension 5137 or via e-mail: chyzer@ci.ionia.mi.us or Precia Garland, City Manager, at extension 5776, or via e-mail: pgarland@ci.ionia.mi.us.

BASIC FINANCIAL STATEMENTS

CITY OF IONIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units		
				Downtown Development Authority	Local	
	Governmental Activities	Business-Type Activities	Total		Development Finance Authority	Brownfield Redevelopment Authority
Assets						
Cash and pooled investments	\$ 7,674,113	\$ 4,522,270	\$ 12,196,383	\$ 72,776	\$ 648	\$ 62,894
Accounts receivable	575,883	1,593,984	2,169,867	36	-	-
Prepaid items	147,097	919	148,016	-	-	-
Due from other governments	455,137	348,990	804,127	-	-	-
Inventory	-	64,545	64,545	-	-	-
Noncurrent						
Lease receivable	235,078	-	235,078	-	-	-
Land	759,533	1,219,180	1,978,713	387,256	-	-
Construction in progress	491,457	42,384	533,841	-	-	-
Depreciable capital assets, net	7,398,354	44,390,356	51,788,710	-	-	-
Total assets	17,736,652	52,182,628	69,919,280	460,068	648	62,894
Deferred outflows of resources						
Deferred loss on refunding	-	46,941	46,941	-	-	-
Deferred outflows pension related	3,377,768	463,746	3,841,514	108,629	-	-
Total deferred outflows of resources	3,377,768	510,687	3,888,455	108,629	-	-
Liabilities						
Accounts payable	310,688	76,816	387,504	8,630	-	-
Accrued liabilities	256,748	454,727	711,475	4,678	-	-
Unearned revenue	5	216	221	-	-	-
Due to other governments	-	38	38	-	-	-
Debt due within one year	-	1,250,000	1,250,000	-	-	-
Noncurrent liabilities						
Compensated absences	428,350	115,216	543,566	16,933	-	-
Net pension liability	10,424,364	1,431,202	11,855,566	335,247	-	-
Bond premium	-	985,377	985,377	-	-	-
Debt due in more than one year	-	22,140,000	22,140,000	-	-	-
Total liabilities	11,420,155	26,453,592	37,873,747	365,488	-	-
Deferred inflows of resources						
Deferred inflows lease related	235,078	-	235,078	-	-	-
Deferred inflows pension related	58,905	8,087	66,992	1,894	-	-
Total deferred inflows of resources	293,983	8,087	302,070	1,894	-	-
Net position						
Net investment in capital assets	9,469,200	21,332,162	30,801,362	387,256	-	-
Restricted for						
Cemetery	5,417	-	5,417	-	-	-
Capital improvements	113,774	-	113,774	-	-	-
Major streets	1,093,958	-	1,093,958	-	-	-
Local streets	690,754	-	690,754	-	-	-
Public safety	38,794	-	38,794	-	-	-
Solid waste	389,894	-	389,894	-	-	-
Parks	1,000,154	-	1,000,154	-	-	-
Unrestricted (deficit)	(3,401,663)	4,899,474	1,497,811	(185,941)	648	62,894
Total net position	\$ 9,400,282	\$ 26,231,636	\$ 35,631,918	\$ 201,315	\$ 648	\$ 62,894

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

CITY OF IONIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 2,816,252	\$ 2,803,611	\$ 11,590	\$ -	\$ (1,051)
Public safety	3,338,249	76,317	49,795	208,975	(3,003,162)
Public works and streets	2,090,103	400,790	1,471,471	-	(217,842)
Culture and recreation	711,862	107,542	1,688	-	(602,632)
Total governmental activities	8,956,466	3,388,260	1,534,544	208,975	(3,824,687)
Business-type activities					
Dial-a-Ride	971,821	83,753	719,055	7,650	(161,363)
Sewer	2,783,889	3,397,523	-	-	613,634
Water	2,277,570	3,079,586	-	1,173,631	1,975,647
Theatre	332,522	196,361	27,125	-	(109,036)
Total business-type activities	6,365,802	6,757,223	746,180	1,181,281	2,318,882
Total primary government	\$ 15,322,268	\$ 10,145,483	\$ 2,280,724	\$ 1,390,256	\$ (1,505,805)
Component units					
Downtown Development Authority	\$ 403,016	\$ 37,767	\$ 350,000	\$ -	\$ (15,249)
Local Development Finance Authority	-	-	-	-	-
Brownfield Redevelopment Authority	-	-	-	-	-
Total component units	\$ 403,016	\$ 37,767	\$ 350,000	\$ -	\$ (15,249)

(Continued)

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

CITY OF IONIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Primary Government			Component Units		
	Governmental	Business-type	Total	Downtown Development Authority	Local	
	Activities	Activities			Development Finance Authority	Brownfield Redevelopment Authority
Changes in net assets						
Net (expense) revenue	\$ (3,824,687)	\$ 2,318,882	\$ (1,505,805)	\$ (15,249)	\$ -	\$ -
General revenues						
Property taxes						
General operating	881,570	-	881,570	46,023	-	-
Restricted	519,723	121,873	641,596	-	-	-
Income taxes	3,041,636	-	3,041,636	-	-	-
Marijuana tax	103,886	-	103,886	-	-	-
State shared revenues - unrestricted	1,004,451	-	1,004,451	-	-	-
Interest	141,068	114,076	255,144	1,409	648	2,200
Miscellaneous	-	-	-	-	-	33,080
Transfers	(240,000)	240,000	-	-	-	-
Total general revenues	<u>5,452,334</u>	<u>475,949</u>	<u>5,928,283</u>	<u>47,432</u>	<u>648</u>	<u>35,280</u>
Change in net position	1,627,647	2,794,831	4,422,478	32,183	648	35,280
Net position, beginning of year	<u>7,772,635</u>	<u>23,436,805</u>	<u>31,209,440</u>	<u>169,132</u>	<u>-</u>	<u>27,614</u>
Net position, end of year	<u>\$ 9,400,282</u>	<u>\$ 26,231,636</u>	<u>\$ 35,631,918</u>	<u>\$ 201,315</u>	<u>\$ 648</u>	<u>\$ 62,894</u>

(Concluded)

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

CITY OF IONIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	<u>General</u>	<u>Major Streets</u>	<u>Parks Facilities Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 3,907,582	\$ 930,162	\$ 1,006,630	\$ 1,500,143	\$ 7,344,517
Accounts receivable	436,109	240	5	97,307	533,661
Accounts receivable-Leases	235,078	-	-	-	235,078
Prepaid items	146,361	-	-	-	146,361
Due from other governments	221,890	172,147	-	61,100	455,137
Total assets	<u>\$ 4,947,020</u>	<u>\$ 1,102,549</u>	<u>\$ 1,006,635</u>	<u>\$ 1,658,550</u>	<u>\$ 8,714,754</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 249,943	\$ 579	\$ 6,476	\$ 42,036	\$ 299,034
Accrued liabilities	222,154	8,012	-	22,019	252,185
Unearned revenue	-	-	5	-	5
Total liabilities	<u>472,097</u>	<u>8,591</u>	<u>6,481</u>	<u>64,055</u>	<u>551,224</u>
Deferred inflows					
Lease related	235,078	-	-	-	235,078
Fund balances					
Nonspendable					
Permanent fund corpus	-	-	-	5,200	5,200
Prepaid items	146,361	-	-	-	146,361
Restricted					
Permanent fund spendable	-	-	-	217	217
Streets	-	1,093,958	-	690,754	1,784,712
Public safety	-	-	-	38,794	38,794
Parks	-	-	1,000,154	-	1,000,154
Solid waste	-	-	-	389,894	389,894
Capital projects	-	-	-	113,774	113,774
Assigned					
Public safety	5,000	-	-	307,459	312,459
Streets	750,000	-	-	-	750,000
Accrued benefits	750,000	-	-	-	750,000
Recreation	250,000	-	-	48,403	298,403
Economic Development	250,000	-	-	-	250,000
Unassigned	2,088,484	-	-	-	2,088,484
Total fund balances	<u>4,239,845</u>	<u>1,093,958</u>	<u>1,000,154</u>	<u>1,594,495</u>	<u>7,928,452</u>
Total liabilities and fund balances	<u>\$ 4,947,020</u>	<u>\$ 1,102,549</u>	<u>\$ 1,006,635</u>	<u>\$ 1,658,550</u>	<u>\$ 8,714,754</u>

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

CITY OF IONIA

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION**

JUNE 30, 2023

Fund balances - total governmental funds	\$ 7,928,452
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	759,533
Add - construction in progress	491,457
Add - capital assets (net of accumulated depreciation)	6,578,498
An internal service fund is used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities.	
Add - net position of governmental activities accounted for in the internal service fund	1,161,047
Certain liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(413,204)
Deduct - net pension liability	(10,424,364)
Deduct - deferred inflows related to pensions	(58,905)
Add - deferred outflows related to pensions	<u>3,377,768</u>
Net position of governmental activities	<u>\$ 9,400,282</u>

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

CITY OF IONIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Major Streets</u>	<u>Parks Facilities Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property taxes	\$ 881,570	\$ -	\$ 167,182	\$ 449,239	\$ 1,497,991
Income taxes	3,041,636	-	-	-	3,041,636
Marijuana tax	103,886	-	-	-	103,886
Intergovernmental revenues					
Federal	1,595	-	-	-	1,595
State	1,013,426	1,014,724	-	360,049	2,388,199
Local	-	-	-	200,000	200,000
Licenses and permits	71,045	-	-	-	71,045
Charges for services	2,498,315	-	-	404,511	2,902,826
Fines	9,391	-	-	-	9,391
Interest	105,362	19,119	21,918	22,516	168,915
Donations	9,995	-	-	34,283	44,278
Miscellaneous	300,570	23,780	-	70,001	394,351
Total revenues	<u>8,036,791</u>	<u>1,057,623</u>	<u>189,100</u>	<u>1,540,599</u>	<u>10,824,113</u>
Expenditures					
Current					
General government	2,356,954	-	-	-	2,356,954
Public safety	3,028,917	-	-	338,535	3,367,452
Public works and streets	161,284	551,831	-	846,596	1,559,711
Health and welfare	45,652	-	-	-	45,652
Community and economic development	32,267	-	-	-	32,267
Culture and recreation	5,227	-	157,278	475,749	638,254
Contribution to component unit	350,000	-	-	-	350,000
Capital outlay	-	-	-	14,918	14,918
Total expenditures	<u>5,980,301</u>	<u>551,831</u>	<u>157,278</u>	<u>1,675,798</u>	<u>8,365,208</u>
Revenues over (under) expenditures	<u>2,056,490</u>	<u>505,792</u>	<u>31,822</u>	<u>(135,199)</u>	<u>2,458,905</u>
Other financing sources (uses)					
Transfers in	-	-	275,000	490,000	765,000
Transfers out	(1,005,000)	-	-	-	(1,005,000)
Total other financing sources (uses)	<u>(1,005,000)</u>	<u>-</u>	<u>275,000</u>	<u>490,000</u>	<u>(240,000)</u>
Net changes in fund balances	1,051,490	505,792	306,822	354,801	2,218,905
Fund balances, beginning of year	<u>3,188,355</u>	<u>588,166</u>	<u>693,332</u>	<u>1,239,694</u>	<u>5,709,547</u>
Fund balances, end of year	<u>\$ 4,239,845</u>	<u>\$ 1,093,958</u>	<u>\$ 1,000,154</u>	<u>\$ 1,594,495</u>	<u>\$ 7,928,452</u>

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

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds	\$ 2,218,905
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	688,075
Deduct - depreciation expense	(889,571)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	(7,692)
Add - decrease in deferred inflows related to pensions	1,156,464
Add - increase in deferred outflows related to pensions	1,027,051
Deduct - increase in net pension liability	(2,545,664)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
Add - net income from the internal service funds	<u>(19,921)</u>
Change in net position of governmental activities	<u>\$ 1,627,647</u>

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

CITY OF IONIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
Assets						
Current assets						
Cash and pooled investments	\$ 811,653	\$ 2,851,887	\$ 788,513	\$ 70,217	\$ 4,522,270	\$ 329,596
Accounts receivable	12,734	748,705	832,545	-	1,593,984	42,222
Prepaid items	424	-	495	-	919	736
Due from other governments	147,485	197,166	4,339	-	348,990	-
Inventory	-	-	64,545	-	64,545	-
Total current assets	<u>972,296</u>	<u>3,797,758</u>	<u>1,690,437</u>	<u>70,217</u>	<u>6,530,708</u>	<u>372,554</u>
Noncurrent assets						
Advance receivable	-	400,000	-	-	400,000	-
Land	25,000	475,893	671,395	46,892	1,219,180	-
Construction in progress	-	21,192	21,192	-	42,384	-
Buildings and infrastructure	1,789,566	25,514,887	34,838,860	1,267,516	63,410,829	609,393
Machinery and equipment	576,841	588,319	4,162,832	323,692	5,651,684	-
Vehicles	747,553	-	-	-	747,553	2,500,114
Less accumulated depreciation	<u>(2,659,264)</u>	<u>(5,006,103)</u>	<u>(16,448,455)</u>	<u>(1,305,888)</u>	<u>(25,419,710)</u>	<u>(2,289,651)</u>
Total noncurrent assets	<u>479,696</u>	<u>21,994,188</u>	<u>23,245,824</u>	<u>332,212</u>	<u>46,051,920</u>	<u>819,856</u>
Total assets	<u>1,451,992</u>	<u>25,791,946</u>	<u>24,936,261</u>	<u>402,429</u>	<u>52,582,628</u>	<u>1,192,410</u>
Deferred outflows of resources						
Deferred loss on refunding	-	21,593	25,348	-	46,941	-
Deferred outflows pension related	<u>114,159</u>	<u>119,294</u>	<u>230,293</u>	<u>-</u>	<u>463,746</u>	<u>-</u>
Total deferred outflows of resources	<u>114,159</u>	<u>140,887</u>	<u>255,641</u>	<u>-</u>	<u>510,687</u>	<u>-</u>
Liabilities						
Accounts payable	23,104	21,697	23,605	8,410	76,816	11,654
Accrued liabilities	29,101	164,646	255,865	5,115	454,727	4,563
Due to other governments	-	38	-	-	38	-
Unearned revenue	216	-	-	-	216	-
Current portion of long-term debt	<u>-</u>	<u>604,800</u>	<u>645,200</u>	<u>-</u>	<u>1,250,000</u>	<u>-</u>
Total current liabilities	<u>52,421</u>	<u>791,181</u>	<u>924,670</u>	<u>13,525</u>	<u>1,781,797</u>	<u>16,217</u>
Long-term liabilities						
Advance payable	-	-	400,000	-	400,000	-
Compensated absences	61,616	14,726	38,874	-	115,216	15,146
Net pension liability	352,315	368,163	710,724	-	1,431,202	-
Bond premium	-	487,351	498,026	-	985,377	-
Bonds payable, net of current portion	<u>-</u>	<u>10,882,400</u>	<u>11,257,600</u>	<u>-</u>	<u>22,140,000</u>	<u>-</u>
Total long-term liabilities	<u>413,931</u>	<u>11,752,640</u>	<u>12,905,224</u>	<u>-</u>	<u>25,071,795</u>	<u>15,146</u>
Total liabilities	<u>466,352</u>	<u>12,543,821</u>	<u>13,829,894</u>	<u>13,525</u>	<u>26,853,592</u>	<u>31,363</u>
Deferred inflows of resources						
Deferred inflows pension related	<u>1,991</u>	<u>2,080</u>	<u>4,016</u>	<u>-</u>	<u>8,087</u>	<u>-</u>
Net position						
Net investment in capital assets	479,696	9,645,569	10,874,685	332,212	21,332,162	819,856
Restricted for debt service	-	-	-	-	-	-
Unrestricted	<u>618,112</u>	<u>3,741,363</u>	<u>483,307</u>	<u>56,692</u>	<u>4,899,474</u>	<u>341,191</u>
Total net position	<u>\$ 1,097,808</u>	<u>\$ 13,386,932</u>	<u>\$ 11,357,992</u>	<u>\$ 388,904</u>	<u>\$ 26,231,636</u>	<u>\$ 1,161,047</u>

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

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
Operating revenue						
Charges for services	\$ 83,753	\$ 3,378,987	\$ 3,006,746	\$ 196,361	\$ 6,665,847	\$ 467,724
Other	45,934	18,536	72,840	4,043	141,353	31,662
Total operating revenue	<u>129,687</u>	<u>3,397,523</u>	<u>3,079,586</u>	<u>200,404</u>	<u>6,807,200</u>	<u>499,386</u>
Operating expense						
Personnel services	418,150	83,783	204,257	93,625	799,815	82,743
Contractual services	151,249	1,946,916	420,216	83,747	2,602,128	57,602
Benefits	83,551	90,338	159,940	7,665	341,494	73,093
Materials and supplies	72,422	11,459	105,986	51,137	241,004	63,783
Utilities	39,270	-	117,408	37,677	194,355	20,609
Repair and maintenance	45,796	-	39,714	21,161	106,671	43,452
Equipment rentals	22	23,825	59,992	-	83,839	11,047
Depreciation	148,790	316,992	847,793	37,510	1,351,085	174,594
Miscellaneous	12,571	-	-	-	12,571	-
Total operating expense	<u>971,821</u>	<u>2,473,313</u>	<u>1,955,306</u>	<u>332,522</u>	<u>5,732,962</u>	<u>526,923</u>
Operating income (loss)	<u>(842,134)</u>	<u>924,210</u>	<u>1,124,280</u>	<u>(132,118)</u>	<u>1,074,238</u>	<u>(27,537)</u>
Non-operating revenue (expense)						
Federal grants	355,402	-	-	-	355,402	-
State grants	317,719	-	-	-	317,719	-
Property taxes	121,873	-	-	-	121,873	-
Contributions from component units	-	-	-	24,998	24,998	-
Interest income	19,121	66,372	26,667	-	112,160	7,616
Interest expense	-	(310,576)	(322,264)	-	(632,840)	-
Total non-operating revenue (expense)	<u>814,115</u>	<u>(244,204)</u>	<u>(295,597)</u>	<u>24,998</u>	<u>299,312</u>	<u>7,616</u>
Income (loss) before transfers	<u>(28,019)</u>	<u>680,006</u>	<u>828,683</u>	<u>(107,120)</u>	<u>1,373,550</u>	<u>(19,921)</u>
Transfers and other items						
Capital contributions - federal	6,120	-	1,173,631	-	1,179,751	-
Capital contributions - state	1,530	-	-	-	1,530	-
Transfers in	-	-	240,000	-	240,000	-
Total transfers and other items	<u>7,650</u>	<u>-</u>	<u>1,413,631</u>	<u>-</u>	<u>1,421,281</u>	<u>-</u>
Changes in net position	(20,369)	680,006	2,242,314	(107,120)	2,794,831	(19,921)
Net position, beginning of year	<u>1,118,177</u>	<u>12,706,926</u>	<u>9,115,678</u>	<u>496,024</u>	<u>23,436,805</u>	<u>1,180,968</u>
Net position, end of year	<u>\$ 1,097,808</u>	<u>\$ 13,386,932</u>	<u>\$ 11,357,992</u>	<u>\$ 388,904</u>	<u>\$ 26,231,636</u>	<u>\$ 1,161,047</u>

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

CITY OF IONIA

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,376
Receipts from customers and users	118,830	3,346,312	3,035,081	200,404	6,700,627	-
Payments to employees	(473,145)	(153,665)	(400,927)	(99,901)	(1,127,638)	(157,579)
Operating grants	673,121	-	(1,173,631)	24,998	(475,512)	-
Payments to suppliers	(322,091)	(1,967,387)	(734,969)	(195,447)	(3,219,894)	(202,625)
Net cash provided by (used in) operating activities	<u>(3,285)</u>	<u>1,225,260</u>	<u>725,554</u>	<u>(69,946)</u>	<u>1,877,583</u>	<u>144,172</u>
Cash flows from non-capital financing activities						
Loan from (to) other funds	-	100,000	(100,000)	-	-	-
Property Taxes	121,873	-	-	-	121,873	-
Transfers in	-	-	240,000	-	240,000	-
Net cash provided by (used in) non-capital financing activities	<u>121,873</u>	<u>100,000</u>	<u>140,000</u>	<u>-</u>	<u>361,873</u>	<u>-</u>
Cash flows from capital and related financing activities						
Interest paid	-	(385,442)	(398,441)	-	(783,883)	-
Deposits/loans with other governments	-	55,399	-	-	55,399	-
Capital grants	(48,256)	-	1,173,631	-	1,125,375	-
Principal paid on debt	-	(587,500)	(627,500)	-	(1,215,000)	-
Proceeds from sale of capital assets	-	-	-	-	-	24,304
Net loss on disposal of capital assets	-	-	-	-	-	(12,152)
Acquisitions of capital assets	(7,301)	(1,041,493)	(1,200,742)	(24,997)	(2,274,533)	(117,869)
Net cash provided by (used in) capital and related financing activities	<u>(55,557)</u>	<u>(1,959,036)</u>	<u>(1,053,052)</u>	<u>(24,997)</u>	<u>(3,092,642)</u>	<u>(105,717)</u>
Cash flows from investing activities						
Interest received	19,121	66,371	26,668	-	112,160	7,616
Net increase (decrease) in cash and pooled investments	82,152	(567,405)	(160,830)	(94,943)	(741,026)	46,071
Cash and pooled investments, beginning of year	<u>729,501</u>	<u>3,419,292</u>	<u>949,343</u>	<u>165,160</u>	<u>5,263,296</u>	<u>283,525</u>
Cash and pooled investments, end of year	<u>\$ 811,653</u>	<u>\$ 2,851,887</u>	<u>\$ 788,513</u>	<u>\$ 70,217</u>	<u>\$ 4,522,270</u>	<u>\$ 329,596</u>
Cash flows from operating activities						
Operating income (loss)	\$ (842,134)	\$ 924,210	\$ 1,124,280	\$ (132,118)	\$ 1,074,238	\$ (27,537)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	148,790	316,992	847,793	37,510	1,351,085	174,594
Net pension liability	74,334	105,935	108,433	-	288,702	-
Deferred outflows for pensions	(31,219)	(41,055)	(50,591)	-	(122,865)	-
Deferred inflows for pensions	(40,890)	(38,371)	(88,893)	-	(168,154)	-
Operating grants	673,121	-	-	24,998	698,119	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(10,213)	(51,211)	(44,505)	-	(105,929)	4,990
Prepaid items	58	-	-	683	741	736
Inventory	-	-	(1,979)	-	(1,979)	-
Accounts payable	(819)	14,813	10,326	(2,408)	21,912	(6,868)
Accrued liabilities	7,223	(8,916)	(7,311)	1,389	(7,615)	155
Compensated absences	19,108	2,863	1,632	-	23,603	(1,898)
Unearned revenue	(644)	-	(1,173,631)	-	(1,174,275)	-
Net cash provided by (used in) operating activities	<u>\$ (3,285)</u>	<u>\$ 1,225,260</u>	<u>\$ 725,554</u>	<u>\$ (69,946)</u>	<u>\$ 1,877,583</u>	<u>\$ 144,172</u>

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

CITY OF IONIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Fund
Assets	
Cash and pooled investments	\$ <u>4</u>
Total assets	\$ <u>4</u>
Liabilities	
Accounts payable	\$ <u>4</u>
Total liabilities	\$ <u>4</u>

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

CITY OF IONIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Fund
Additions	
Taxes and benefits collected for other entities	\$ 4,241,729
Total additions	<u>4,241,729</u>
Deductions	
Taxes and benefit to other entities	<u>4,241,729</u>
Total deductions	<u>4,241,729</u>
Changes in net position	<u>-</u>
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Ionia, Michigan (the City) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

Blended Component Unit

The City of Ionia Building Authority (CIBA) is a capital asset financing mechanism which provides services to the City exclusively. The CIBA governing body consists of individuals that are appointed by the City's Council. The City Council approves the CIBA's budget and has the ability to significantly influence operations of the CIBA. The CIBA had no activity in the current year.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA), Local Development Finance Authority (LDFA) and the Brownfield Redevelopment Authority (BRA). These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration in the downtown area and promote economic growth within downtown. The DDA governing body consists of individuals that are appointed by the City's Council. The City Council approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

The LDFA was created to correct and prevent deterioration and promote economic growth within the development area. The LDFA governing body consists of individuals that are appointed by the City's Council, Ionia County and North Levalley School District. The City Council approves the LDFA's budget and has the ability to significantly influence operations of the LDFA. Financial statements are not separately issued for the LDFA.

The BRA accounts for captured tax revenue on specific properties within the City that have been identified and approved as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Council appoints the governing body of the BRA and has the ability to significantly influence operations of the BRA. Financial statements are not separately issued for the BRA.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Joint Venture

The City of Ionia, along with the Townships of Berlin, Easton, Ionia, and Orange created the Ionia Regional Utilities Authority (IRUA) under Michigan Public Act 233 of 1955. The purpose of the IRUA is to acquire, own and operate a sewage disposal system for the benefit of the constituent municipalities.

The City of Ionia operates, administers, and maintains the IRUA on behalf of the City and the Townships (the constituent municipalities). The annual budget of the IRUA is prepared by City staff in conjunction with the IRUA Board of Trustees and then distributed to the constituent municipalities for comment. After the expiration of the comment period, and after conducting the required public hearing, the IRUA Board of Trustees adopts the IRUA budget. The IRUA Articles of Incorporation provide a mechanism for resolving budget related disputes should they arise.

The allocation of costs of the IRUA to the constituent municipalities is based on usage of the system as measured by system flow. During 1996, the City began to directly bill Ionia Township IRUA customers. As a result, the City's allocation of costs includes the portion of costs that had been charged to Ionia Township in the past. On December 1, 2001, the City began to directly bill Easton Township IRUA customers for operating costs and fixed asset reserves. As a result, the City's allocation of costs includes a portion of costs that would have been charged to Easton Township in the past. The Township continues to make contributions to the IRUA to fund their portion of the debt service requirements. For the year ended June 30, 2023, the City paid \$1,486,449 to cover the City's and Townships' share of operational costs.

The City has not recorded an asset in the enterprise fund type related to IRUA due to not having documented an equity interest in IRUA for accounting purposes. To document an equity interest, the City would need to document an explicit, measurable right to the net resources of the IRUA.

Funding percentages for operating costs and the capital asset reserve are based on annual participant charges as follows:

City of Ionia	86.15%
Berlin Township	6.49%
Easton Township	2.79%
Ionia Township	4.57%
Orange Township	0.00%

The financial activities of the IRUA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended June 30, 2023 are available at City Hall. The following financial information is a summary of the activity for the year ended June 30, 2023:

Total assets	\$9,698,944
Total liabilities	132,222
Total net position	9,566,722
Total operating revenue	1,802,993
Total nonoperating revenues	51,300
Total operating expenses	1,786,728
Total nonoperating expenses	-
Change in net position	67,565

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are changes between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for income tax which uses a 45 day period, and reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, grants, income taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service fund is charges to City departments for shared costs and equipment utilization. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

The *Major Streets Fund* is used to account for Act 51 gas and weight taxes and major street repair and maintenance.

The *Parks Facilities Improvement Fund* accounts for the accumulation and disbursement of resources for the parks improvements.

The City reports the following major proprietary funds:

The *Dial-A-Ride Enterprise Fund* is used to account for the operations required to provide transit services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges, property taxes, and grant revenues.

The *Sewer Enterprise Fund* is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The *Water Enterprise Fund* is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* are used to account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *Permanent Fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for the operations to provide services to residents of the City of Ionia and the greater Ionia area. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The *Internal Service Fund* is used to account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis.

The *Custodial Fund* is used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the General and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the General and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan law. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within an activity. Thus the legal level of budgetary control is at the activity level. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date.

City policy and State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- e. 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.
- f. 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.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectable balances are immaterial to the financial statements.

Due to/Due from Other Funds and Advances Receivable/Payable Between funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed. Advances receivable/payable represent a long-term borrowing of \$400,000 from the sewer fund to the water fund that is expected to be repaid in more than a year.

Inventory

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations.

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Structures and improvements	15-75
Machinery, furniture, and equipment	3-50
Vehicles	5-15
Infrastructure	15-30

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Unearned Revenue

Unearned revenue is reported in connection with payments received that have not yet been earned. The balance of unearned revenue will be recognized when earned in future years.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Accumulated Vacation and Sick

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds.

Pensions

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

Property Taxes

The City collects property taxes from City residence for all property tax levied upon property within the City. Property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and December 1 and are due without penalty through July 31 and February 14, respectively. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Income Tax Revenues

The City recognizes income tax revenue (nonexchange derived revenue) based on cash receipts for income earned through June 30 of each year and received through August 15 of the same year. Income tax revenue receivable at year-end is reported net of estimated refunds.

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

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 City has two items that qualify for reporting in this category. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The City also has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 8.

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 City has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 8 and leases which are discussed in Note 14.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the non-spendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the entities governing board.
4. Assigned - the related assets can only be spent for a specific purpose but do not meet the criteria to be classified as committed.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund balance can only be committed by resolution of the City Council. The City Council has delegated the authority to assign fund balance to the City Treasurer and City Manager.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

City policy requires the General fund budget to be prepared and activities managed to result in an ending unassigned fund balance of at least 17% of budgeted expenditures, except in the case of emergency or financial distress. Circumstances of emergency or financial distress shall be reported to the City Council at the earliest practical time. Upon such report, the City Council may direct that additional action be taken to preserve the minimum unassigned fund balance. Unassigned fund balance in the General fund at June 30, 2023 was 35% of the current year's final amended budget for expenditures.

Net Position and Fund Balance Flow Assumptions

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/fund balance and unrestricted – net position/fund balance, 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 use restricted resources first, then unrestricted resources as they are needed. 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.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

2. DEFICIT FUND BALANCE/NET POSITION

At year-end the City reported the following deficits in unrestricted net position:

Governmental Activities	\$(3,401,663)
Component Units	
Downtown Development Authority	(185,941)

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

During the year ended June 30, 2023, the City incurred no expenditures in budgetary funds which were in excess of the amounts appropriated.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4. CASH AND POOLED INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and pooled investments	\$12,196,383	\$136,318	\$4	\$12,332,705

Cash and pooled investments consist of the following at June 30, 2023:

Deposits and certificates of deposit	\$ 9,104,237
Michigan Class investment pool	3,228,468
Total	\$12,332,705

The City also holds investments within its cash and investment pool for the Ionia Regional Utilities Authority (IRUA) of \$951,053 which cannot be segregated from City deposits and investments. Deposit and investment risk disclosure for the combined balance of the City and the IRUA follows.

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require a policy, and the City's policy is no more restrictive than State requirements, for deposit custodial credit risk. As of year-end, \$9,019,172 of the City's bank balance of \$10,019,172 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following pooled/mutual fund investments:

	Maturity	Fair Value	Rating	Source
Michigan Class	N/A	\$3,228,468	AAAm	S&P

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The City has the following recurring fair value measurements as of year-end.

- The City does not have any investments valued using quoted market prices (Level 1 inputs).
- The Michigan Class is valued using observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).
-

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City’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. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City policy is no more restrictive than State law for investment custodial credit risk. Of the above pool/mutual fund investments, the City’s custodial credit risk exposure cannot be determined because the funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

5. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2023 are as follows:

	Transfers in			
<u>Transfers out</u>	<u>Nonmajor Governmental Funds</u>	<u>Parks Facilities Improvements</u>	<u>Water Fund</u>	<u>Total</u>
General Fund	\$490,000	\$275,000	\$240,000	\$1,005,000
Total	\$490,000	\$275,000	\$240,000	\$1,005,000

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Transfers are used to (1) move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

6. RISK MANAGEMENT

The City participates in a State pool, the Michigan Municipal Liability and Property Pool (MMLPP), with other municipalities for property, liability, bonding, and casualty losses. The MMLPP is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the MMLPP's claims and expenses for a policy year exceed the total normal annual premiums for such years, all members of the specific MMLPP's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in the Michigan Municipal Workers' Compensation Fund (MMWCF) with other municipalities for workers' compensation losses. The MMWCF is organized under the Public Act 317 of 1969, as amended. In the event the MMWCF's claims and expenses exceed the total normal annual premiums for such years, all members of the specific MMWCF's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 759,533	\$ -	\$ -	\$ 759,533
Construction in progress	20,865	470,592	-	491,457
Total capital assets, not being depreciated	<u>780,398</u>	<u>470,592</u>	<u>-</u>	<u>1,250,990</u>
Capital assets, being depreciated				
Buildings	2,251,133	-	-	2,251,133
Furniture and equipment and Improvements	6,088,127	90,835	28,782	6,150,180
Motor vehicles	5,312,187	207,776	124,719	5,395,244
Infrastructure	16,018,712	36,741	-	16,055,453
Total capital assets, being depreciated	<u>29,670,159</u>	<u>335,352</u>	<u>153,501</u>	<u>29,852,010</u>
Less accumulated depreciation for				
Buildings	1,392,162	71,501	-	1,463,663
Furniture and equipment and Improvements	3,942,247	201,167	28,782	4,114,632
Motor vehicles	3,483,185	313,706	112,567	3,684,324
Infrastructure	12,713,246	477,791	-	13,191,037
Total accumulated depreciation	<u>21,530,840</u>	<u>1,064,165</u>	<u>141,349</u>	<u>22,453,656</u>
Net capital assets, being depreciated	<u>8,139,319</u>	<u>(728,813)</u>	<u>12,152</u>	<u>7,398,354</u>
Governmental Activities capital assets, net	<u>\$8,919,717</u>	<u>\$(258,221)</u>	<u>\$12,152</u>	<u>\$8,649,344</u>

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 1,219,180	\$ -	\$ -	\$ 1,219,180
Construction in progress	1,220,776	42,384	1,220,776	42,384
Total capital assets, not being depreciated	2,439,956	42,384	1,220,776	1,261,564
Capital assets being depreciated				
Structures and improvements	60,123,510	3,287,319	-	63,410,829
Machinery, furniture, and equipment	5,503,376	165,606	17,298	5,651,684
Vehicles	747,553	-	-	747,553
Total capital assets, being depreciated	66,374,439	3,452,925	17,298	69,810,066
Less accumulated depreciation for				
Structures and improvements	18,702,546	1,132,931	-	19,835,477
Machinery, furniture, and equipment	4,864,699	100,281	17,298	4,947,682
Vehicles	518,678	117,873	-	636,551
Total accumulated depreciation	24,085,923	1,351,085	17,298	25,419,710
Net capital assets, being depreciated	42,288,516	2,101,840	-	44,390,356
Business-type Activities capital assets, net	\$44,728,472	\$2,144,224	\$1,220,776	\$45,651,920
Component Unit Activities				
Capital assets, not being depreciated				
Land	\$387,256	\$ -	\$ -	\$387,256
Net capital assets, being depreciated				
Machinery, furniture, and equipment	5,500	-	-	5,500
Accumulated depreciation	(5,500)	-	-	(5,500)
Component Unit capital assets, net	\$387,256	\$ -	\$ -	\$387,256

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 63,734
Public safety	155,737
Public works and streets	477,791
Culture and recreation	192,309
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	174,594
Total depreciation expense - governmental activities	\$1,064,165
Business-type Activities	
Dial-a-Ride	\$ 148,790
Sewer	316,992
Water	847,793
Theatre (nonmajor)	37,510
Total depreciation expense - business- type activities	\$1,351,085

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

8. PENSION PLAN

Defined Benefit Traditional and Hybrid Plan

Plan Description

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

Benefits Provided

Benefits provided include a multiplier range of 1.5 to 2.5 times final average compensation. Vesting periods range from 6 to 10 years. Normal retirement age is 60 with a number of early retirement options available. Final average compensation is calculated based on 3 to 5 years.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2022):

Active plan members	61
Inactive employees entitled but not yet receiving benefits	10
Inactive employees or beneficiaries currently receiving benefits	<u>47</u>
Total	<u>118</u>

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 7.38% to 7.72% of annual covered payroll depending on position and classification. For divisions closed to new employees, the employer has monthly employer contributions of \$24 to \$42,146. Participating employees are required to contribute from 0% to 5% percent of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% annually

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on 106% of PubG-2010 tables with future mortality improvements using MP-2019 scale applied fully generationally from the Pub-2010 base year of 2010. Mortality rates used for disabled plan member were based on PubNS-2010 Disabled Retiree Tables.

The actuarial assumptions used in the valuation were based on the results of the 2018 actuarial experience study, first used in December 31, 2020 valuations.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Discount rate			<u>7.25%</u>

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2021	\$28,302,123	\$19,036,106	\$9,266,017
Changes for the Year:			
Service cost	334,759	-	334,759
Interest	2,006,319	-	2,006,319
Change in benefits	-	-	-
Differences between expected and actual experience	704,359	-	704,359
Change in assumptions	-	-	-
Contributions: employer	-	2,059,208	(2,059,208)
Contributions: employee	-	69,226	(69,226)
Net investment income	-	(1,972,359)	1,972,359
Benefit payments, including refunds	(1,592,273)	(1,592,273)	-
Administrative expense	-	(35,431)	35,431
Other changes	3	-	3
Net changes	1,453,167	(1,471,629)	2,924,796
Balance at December 31, 2022	\$29,755,290	\$17,564,477	\$12,190,813

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$33,368,720	\$29,755,290	\$26,742,920
Fiduciary net position	17,564,477	17,564,477	17,564,477
Net pension liability	\$15,804,243	\$12,190,813	\$ 9,178,443

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

For the year ended June 30, 2023 the employer recognized pension expense of \$2,444,176. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 985,851	\$ 68,886
Differences in assumptions	684,036	-
Excess (deficit) investment returns	1,498,107	-
Contributions subsequent to the Measurement date*	782,149	-
Total	\$3,950,143	\$ 68,886

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2024.

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

2024	\$ 918,044
2025	951,152
2026	601,249
2027	628,663
Thereafter	<u>-</u>
Total	<u>\$3,099,108</u>

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to City employees and allows them to defer a portion of their salary until future years. The deferred compensation is generally not available to employees until termination, retirement, or death. All assets of the Plan are held in trust for employees and the related assets and liabilities are not included in this report.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2023:

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2023</u>	Due Within One Year
Governmental Activities					
Accrued employee benefits	\$422,556	\$5,794	\$ -	\$428,350	\$ -
Total Governmental Activities	422,556	5,794	\$ -	\$428,350	\$ -
Business-type Activities					
* \$6,225,000 2015 General Obligation Water and Sewer Improvement Bonds. Payments due in annual installments of \$100,000 to \$500,000 through August 1, 2037; interest at 3.00% to 4.00%, payable semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$3,112,500 and \$3,112,500, respectively.	\$ 5,525,000	\$ -	\$ 125,000	\$ 5,400,000	\$ 125,000
* \$8,660,000 2013 Water and Sewer Improvement Refunding Bonds. Payments due in annual installments of \$85,000 to \$595,000 through August 1, 2037; interest at 2.00% to 4.00%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$4,676,400 and \$3,983,600, respectively.	5,695,000	-	500,000	5,195,000	505,000
* \$8,000,000 2017 Water and Sewer Improvement Bonds. Payments due in annual installment of \$205,000 to \$505,000 beginning August 1, 2022 through 2041; plus interest at 3% to 3.25%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$4,000,000 and \$4,000,000, respectively.	7,135,000	-	240,000	6,895,000	250,000
* \$6,250,000 2021 Water and Sewer refunding Bonds. Payments due in annual installment of \$210,000 to \$580,000 beginning February 1, 2022 through 2035; plus interest at 2% to 4%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$3,125,000 and \$3,125,000, respectively.	6,250,000	-	350,000	5,900,000	370,000
Subtotal long-term debt	24,605,000	-	1,215,000	23,390,000	1,250,000
Bond premiums	1,145,317	-	159,940	985,377	-
Accrued employee benefits	91,613	23,603	-	115,216	-
Total Business-type Activities	\$25,841,930	\$23,603	\$1,374,940	\$24,490,593	\$1,250,000
Component Units					
Accrued employee benefits	\$15,385	\$1,548	\$ -	\$16,933	-

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

*These bonds were issued by Ionia County to provide funding for City of Ionia capital projects. Agreements between the City of Ionia and the Ionia County Board of Public Works provide for repayment of each entities respective share of the outstanding bonds. The City of Ionia has pledged its full faith and credit for the repayment of these bonds.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2023 are as follows:

Year Ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,250,000	\$ 760,407
2025	1,375,000	717,082
2026	1,400,000	671,157
2027	1,430,000	624,307
2028	1,480,000	576,007
2029-2033	7,285,000	2,124,823
2034-2038	6,265,000	998,452
2039-2043	2,905,000	166,551
Total	<u>\$23,390,000</u>	<u>\$6,638,786</u>

10. CONTINGENT LIABILITIES

The City is a responsible party with respect to clean-up costs at the Cleveland Street Dump Site. The City is party to a Federal Consent Decree entered with the District Court during the fiscal year ended June 30, 2002. The terms of the Consent Decree limit the City's liability to a share of the clean-up costs associated with existing contamination as of the date of the decree. A reasonable estimate of the City's remaining potential liability cannot be determined at this time.

11. CONCENTRATIONS

The City has a significant economic dependence on the State of Michigan which is a major employer and user of water and sewer services. The State of Michigan accounted for \$854,431 (25%) of wastewater sales and \$508,994 (17%) of water sales.

12. COMMITMENTS

At year-end the City had construction commitments of approximately \$1,050,000 for various street and utility projects, approximately \$306,000 for the remaining payment on a pumper truck and approximately \$143,000 for a five-year contract for body and in-car camera systems.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

13. TAX ABATEMENTS

The City entered into a property tax abatement agreement with a local organization to provide housing for Low Income Persons and Families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq, MSA 116.11-4(1), et seq). Under the agreement the organization pays 12% of annual shelter rent in lieu of taxes or the ad valorem property taxes whichever is smaller. The agreement is approved for a term dependent on the status of outstanding loans, participation in Low-income housing tax credits, and rehabilitation of the property.

For the year ended June 30, 2023 the amount of abated taxes was approximately \$4,100.

14. LEASES

The City has entered into a lease arrangement with a company to lease a portion of land for the purpose of a cell tower. The terms of the lease are as follows.

The lease is currently in a 5-year renewal term ending May 2028, with options to extend for an additional four consecutive five-year terms; current annual payment of \$13,500. The City recognized a total of \$5,386 in lease revenue and interest revenue of \$7,214 for the current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IONIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 695,000	\$ 862,500	\$ 881,570	\$ 19,070
Income taxes	2,350,000	2,750,000	3,041,636	291,636
Marijuana taxes	100,000	103,000	103,886	886
Intergovernmental revenues				
Federal	-	1,500	1,595	95
State	954,500	1,063,000	1,013,426	(49,574)
Licenses and permits	66,500	70,500	71,045	545
Charges for services	1,839,000	2,480,000	2,498,315	18,315
Fines	12,100	8,700	9,391	691
Interest	10,000	85,000	105,362	20,362
Donations	-	10,000	9,995	(5)
Miscellaneous	137,500	299,500	300,570	1,070
Total revenues	6,164,600	7,733,700	8,036,791	303,091
Expenditures				
Current				
General government	1,885,694	2,565,503	2,356,954	208,549
Public safety	3,066,844	3,180,327	3,028,917	151,410
Public works and streets	118,500	174,500	161,284	13,216
Health and welfare	45,000	46,000	45,652	348
Community and economic development	43,100	43,500	32,267	11,233
Culture and recreation	8,000	8,000	5,227	2,773
Contribution to component unit	230,000	395,000	350,000	45,000
Total expenditures	5,397,138	6,412,830	5,980,301	432,529
Revenues over (under) expenditures	767,462	1,320,870	2,056,490	735,620
Other financing sources (uses)				
Transfers out	(715,000)	(1,005,000)	(1,005,000)	-
Net changes in fund balance	52,462	315,870	1,051,490	735,620
Fund balance, beginning of year	3,188,355	3,188,355	3,188,355	-
Fund balance, end of year	\$ 3,240,817	\$ 3,504,225	\$ 4,239,845	\$ 735,620

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 1,004,217	\$ 1,004,217	\$ 1,014,724	\$ 10,507
Interest and rents	200	600	19,119	18,519
Miscellaneous	<u>18,500</u>	<u>18,500</u>	<u>23,780</u>	<u>5,280</u>
Total revenues	1,022,917	1,023,317	1,057,623	34,306
Expenditures				
Current				
Public works and streets	<u>649,500</u>	<u>650,000</u>	<u>551,831</u>	<u>98,169</u>
Total expenditures	<u>649,500</u>	<u>650,000</u>	<u>551,831</u>	<u>98,169</u>
Net changes in fund balance	373,417	373,317	505,792	132,475
Fund balance, beginning of year	<u>588,166</u>	<u>588,166</u>	<u>588,166</u>	<u>-</u>
Fund balance, end of year	<u>\$ 961,583</u>	<u>\$ 961,483</u>	<u>\$ 1,093,958</u>	<u>\$ 132,475</u>

CITY OF IONIA

**PARKS FACILITIES IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 123,000	\$ 165,000	\$ 167,182	\$ 2,182
Intergovernmental revenues				
State	750,000	350,000	-	(350,000)
Interest and rents	250	600	21,918	21,318
	<u>873,250</u>	<u>515,600</u>	<u>189,100</u>	<u>(326,500)</u>
Total revenues				
	873,250	515,600	189,100	(326,500)
Expenditures				
Current				
Culture and recreation	1,092,500	782,600	157,278	625,322
	<u>1,092,500</u>	<u>782,600</u>	<u>157,278</u>	<u>625,322</u>
Total expenditures				
	1,092,500	782,600	157,278	625,322
Revenues over (under) expenditures	(219,250)	(267,000)	31,822	298,822
Other financing sources (uses)				
Transfers in	275,000	275,000	275,000	-
	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Net changes in fund balance	55,750	8,000	306,822	298,822
Fund balance, beginning of year	<u>693,332</u>	<u>693,332</u>	<u>693,332</u>	<u>-</u>
Fund balance, end of year	<u>\$ 749,082</u>	<u>\$ 701,332</u>	<u>\$ 1,000,154</u>	<u>\$ 298,822</u>

CITY OF IONIA
PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 334,759	\$ 274,489	\$ 293,389	\$ 321,322	\$ 317,687	\$ 301,110	\$ 282,956	\$ 288,809	\$ 274,035
Interest	2,006,319	1,900,068	1,817,522	1,805,664	1,747,831	1,694,653	1,603,859	1,493,885	1,431,767
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	704,359	915,163	(275,543)	(322,761)	(133,365)	(161,614)	370,354	225,862	-
Changes in assumptions	-	1,065,255	605,634	802,100	-	-	-	966,819	-
Benefit payments including employee refunds	(1,592,273)	(1,433,001)	(1,257,837)	(1,238,863)	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Other	3	(2)	-	-	-	-	-	-	-
Net change in total pension liability	1,453,167	2,721,972	1,183,165	1,367,462	748,815	662,048	1,166,622	2,002,120	758,580
Total pension liability, beginning of year	28,302,123	25,580,151	24,396,986	23,029,524	22,280,709	21,618,661	20,452,039	18,449,919	17,691,339
Total pension liability, end of year	\$ 29,755,290	\$ 28,302,123	\$ 25,580,151	\$ 24,396,986	\$ 23,029,524	\$ 22,280,709	\$ 21,618,661	\$ 20,452,039	\$ 18,449,919
Plan Fiduciary Net Position									
Contributions-employer	\$ 2,059,208	\$ 2,016,921	\$ 1,930,149	\$ 2,221,413	\$ 1,268,701	\$ 1,094,509	\$ 1,029,849	\$ 987,700	\$ 879,134
Contributions-employee	69,226	559,174	3,626	3,602	3,406	54,608	41,297	118,228	114,723
Net investment income	(1,972,359)	2,251,044	1,758,460	1,482,005	(450,981)	1,316,399	1,020,165	(136,006)	532,153
Benefit payments including employee refunds	(1,592,273)	(1,433,001)	(1,257,837)	(1,238,863)	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Administrative expense	(35,431)	(25,801)	(27,112)	(25,483)	(21,922)	(20,825)	(20,156)	(19,943)	(19,586)
Other	-	-	-	-	-	-	-	161	-
Net change in plan fiduciary net position	(1,471,629)	3,368,337	2,407,286	2,442,674	(384,134)	1,272,590	980,608	(23,115)	559,202
Plan fiduciary net position, beginning of year	19,036,106	15,667,769	13,260,483	10,817,809	11,201,943	9,929,353	8,948,745	8,971,860	8,412,658
Plan fiduciary net position, end of year	\$ 17,564,477	\$ 19,036,106	\$ 15,667,769	\$ 13,260,483	\$ 10,817,809	\$ 11,201,943	\$ 9,929,353	\$ 8,948,745	\$ 8,971,860
Employer net pension liability	\$ 12,190,813	\$ 9,266,017	\$ 9,912,382	\$ 11,136,503	\$ 12,211,715	\$ 11,078,766	\$ 11,689,308	\$ 11,503,294	\$ 9,478,059
Plan fiduciary net position as a percentage of the total pension liability	59%	67%	61%	54%	47%	50%	46%	44%	49%
Covered employee payroll	\$ 3,517,546	\$ 3,165,975	\$ 3,160,260	\$ 3,160,260	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Employer's net pension liability as a percentage of covered employee payroll	347%	293%	314%	352%	398%	374%	415%	403%	352%

Notes to schedule:

Above data is based on a measurement date of December 31.

This schedule is being accumulated prospectively until ten years of data is presented.

CITY OF IONIA
PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 1,281,192	\$ 1,285,968	\$ 1,210,980	\$ 1,135,991	\$ 1,067,363	\$ 981,460	\$ 865,744	\$ 881,073	\$ 834,973
Contributions in relation to the actuarially determined contribution	2,070,727	2,052,139	1,978,385	2,385,991	1,317,363	1,131,460	1,005,744	1,021,073	834,973
Contribution deficiency (excess)	\$ (789,535)	\$ (766,171)	\$ (767,405)	\$(1,250,000)	\$ (250,000)	\$ (150,000)	\$ (140,000)	\$ (140,000)	\$ -
Covered employee payroll	\$ 3,517,546	\$ 3,165,975	\$ 3,160,260	\$ 3,160,260	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Contributions as a percentage of covered employee payroll	59%	65%	63%	75%	43%	38%	36%	36%	31%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35 % for 2020, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	106% of PubG-2010 tables with future mortality improvements using MP-2019 scale applied fully generationally from the Pub-2010 base year of 2010

Note to schedule:

This schedule is being accumulated prospectively until ten years of data is presented.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF IONIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 45,050	\$ 45,050	\$ 36,176	\$ 8,874
City Manager	328,933	350,200	338,610	11,590
Elections	15,000	26,500	24,431	2,069
Finance and administration	469,882	485,250	480,060	5,190
Income tax administration	114,553	121,353	119,510	1,843
Front office	185,076	196,750	180,780	15,970
Attorney	80,000	135,000	134,088	912
Assessor	52,500	66,500	62,602	3,898
Board of review	1,000	1,000	585	415
Data processing	125,250	139,500	108,794	30,706
Clerk	33,500	36,500	30,943	5,557
Building and grounds	216,200	250,500	179,779	70,721
Other offices	173,750	675,500	636,002	39,498
Cemetery	45,000	35,900	24,594	11,306
	1,885,694	2,565,503	2,356,954	208,549
Public safety				
Public safety	3,066,844	3,180,327	3,028,917	151,410
Public Works				
Street lights	118,500	136,500	124,543	11,957
Storm sewer	-	38,000	36,741	1,259
	118,500	174,500	161,284	13,216
Health and Welfare				
Ambulance	45,000	46,000	45,652	348
Community and economic development				
Planning and zoning	43,100	43,500	32,267	11,233
Culture and recreation				
Festivals and events	8,000	8,000	5,227	2,773
Contribution to component unit	230,000	395,000	350,000	45,000
Total expenditures	\$ 5,397,138	\$ 6,412,830	\$ 5,980,301	\$ 432,529

CITY OF IONIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023

	Special Revenue					
	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations	Public Safety Vehicle
Assets						
Cash and pooled investments	\$ 633,984	\$ 324,016	\$ 68,048	\$ 7,419	\$ 15,593	\$ 307,459
Accounts receivable	-	97,307	-	-	-	-
Due from other governments	61,100	-	-	-	-	-
Total assets	\$ 695,084	\$ 421,323	\$ 68,048	\$ 7,419	\$ 15,593	\$ 307,459
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 29,164	\$ 4,221	\$ -	\$ -	\$ -
Accrued liabilities	4,330	2,265	15,424	-	-	-
Total liabilities	4,330	31,429	19,645	-	-	-
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Permanent fund spendable	-	-	-	-	-	-
Streets	690,754	-	-	-	-	-
Public safety	-	-	-	7,419	15,593	-
Solid waste	-	389,894	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Public safety	-	-	-	-	-	307,459
Recreation	-	-	48,403	-	-	-
Total fund balances	690,754	389,894	48,403	7,419	15,593	307,459
Total liabilities and fund balances	\$ 695,084	\$ 421,323	\$ 68,048	\$ 7,419	\$ 15,593	\$ 307,459

Capital Projects						Permanent	
Opioid Settlement	Grant Projects	Sidewalk Program	Environmental Response	Rails to Trails Projects	Cemetery Perpetual Care	Total	
\$ 15,782	\$ 9,651	\$ 162	\$ 112,418	\$ 194	\$ 5,417	\$ 1,500,143	
-	-	-	-	-	-	97,307	
-	-	-	-	-	-	61,100	
<u>\$ 15,782</u>	<u>\$ 9,651</u>	<u>\$ 162</u>	<u>\$ 112,418</u>	<u>\$ 194</u>	<u>\$ 5,417</u>	<u>\$ 1,658,550</u>	
\$ -	\$ 8,651	\$ -	\$ -	\$ -	\$ -	\$ 42,036	
-	-	-	-	-	-	22,019	
-	8,651	-	-	-	-	64,055	
-	-	-	-	-	5,200	5,200	
-	-	-	-	-	217	217	
-	-	-	-	-	-	690,754	
15,782	-	-	-	-	-	38,794	
-	-	-	-	-	-	389,894	
-	1,000	162	112,418	194	-	113,774	
-	-	-	-	-	-	307,459	
-	-	-	-	-	-	48,403	
<u>15,782</u>	<u>1,000</u>	<u>162</u>	<u>112,418</u>	<u>194</u>	<u>5,417</u>	<u>1,594,495</u>	
<u>\$ 15,782</u>	<u>\$ 9,651</u>	<u>\$ 162</u>	<u>\$ 112,418</u>	<u>\$ 194</u>	<u>\$ 5,417</u>	<u>\$ 1,658,550</u>	

CITY OF IONIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue					
	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations	Public Safety Vehicle
Revenues						
Taxes	\$ 96,698	\$ 334,776	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues						
State	360,049	-	-	-	-	-
Local	-	-	-	-	-	200,000
Charges for services	-	302,220	102,291	-	-	-
Interest	-	8,121	706	177	430	9,965
Donations	-	-	-	-	34,283	-
Miscellaneous	35,825	11,725	6,939	-	-	-
Total revenues	<u>492,572</u>	<u>656,842</u>	<u>109,936</u>	<u>177</u>	<u>34,713</u>	<u>209,965</u>
Expenditures						
Current						
Public safety	-	-	-	357	25,178	313,000
Public works and streets	322,507	524,089	-	-	-	-
Culture and recreation	-	-	475,749	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>322,507</u>	<u>524,089</u>	<u>475,749</u>	<u>357</u>	<u>25,178</u>	<u>313,000</u>
Revenues over (under) expenditures	<u>170,065</u>	<u>132,753</u>	<u>(365,813)</u>	<u>(180)</u>	<u>9,535</u>	<u>(103,035)</u>
Other financing sources (uses)						
Transfers in	-	-	375,000	-	-	115,000
Net changes in fund balances	170,065	132,753	9,187	(180)	9,535	11,965
Fund balances, beginning of year	<u>520,689</u>	<u>257,141</u>	<u>39,216</u>	<u>7,599</u>	<u>6,058</u>	<u>295,494</u>
Fund balances, end of year	<u>\$ 690,754</u>	<u>\$ 389,894</u>	<u>\$ 48,403</u>	<u>\$ 7,419</u>	<u>\$ 15,593</u>	<u>\$ 307,459</u>

Capital Projects					Permanent		
Opioid Settlement	Grant Projects	Sidewalk Program	Environmental Response	Rails to Trails Projects	Cemetery Perpetual Care	Total	
\$ -	\$ -	\$ -	\$ 17,765	\$ -	\$ -	\$ 449,239	
-	-	-	-	-	-	360,049	
-	-	-	-	-	-	200,000	
-	-	-	-	-	-	404,511	
270	-	3	2,635	-	209	22,516	
-	-	-	-	-	-	34,283	
15,512	-	-	-	-	-	70,001	
15,782	-	3	20,400	-	209	1,540,599	
-	-	-	-	-	-	338,535	
-	-	-	-	-	-	846,596	
-	-	-	-	-	-	475,749	
-	-	-	14,918	-	-	14,918	
-	-	-	14,918	-	-	1,675,798	
15,782	-	3	5,482	-	209	(135,199)	
-	-	-	-	-	-	490,000	
15,782	-	3	5,482	-	209	354,801	
-	1,000	159	106,936	194	5,208	1,239,694	
\$ 15,782	\$ 1,000	\$ 162	\$ 112,418	\$ 194	\$ 5,417	\$ 1,594,495	

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 80,000	\$ 96,000	\$ 96,698	\$ 698
Intergovernmental revenues				
State	356,301	356,301	360,049	3,748
Miscellaneous	18,700	18,900	35,825	16,925
Total revenues	455,001	471,201	492,572	21,371
Expenditures				
Current				
Public works and streets	322,500	341,500	322,507	18,993
Net changes in fund balance	132,501	129,701	170,065	40,364
Fund balance, beginning of year	520,689	520,689	520,689	-
Fund balance, end of year	<u>\$ 653,190</u>	<u>\$ 650,390</u>	<u>\$ 690,754</u>	<u>\$ 40,364</u>

CITY OF IONIA
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 245,000	\$ 330,000	\$ 334,776	\$ 4,776
Charges for services	280,500	296,300	302,220	5,920
Interest and rents	100	250	8,121	7,871
Miscellaneous	11,500	9,000	11,725	2,725
Total revenues	537,100	635,550	656,842	21,292
Expenditures				
Current				
Public works and streets	534,100	567,600	524,089	43,511
Net changes in fund balance	3,000	67,950	132,753	64,803
Fund balance, beginning of year	257,141	257,141	257,141	-
Fund balance, end of year	\$ 260,141	\$ 325,091	\$ 389,894	\$ 64,803

CITY OF IONIA
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 75,800	\$ 98,300	\$ 102,291	\$ 3,991
Interest and rents	60	60	706	646
Donations	1,000	1,000	-	(1,000)
Miscellaneous	4,750	6,600	6,939	339
Total revenues	81,610	105,960	109,936	3,976
Expenditures				
Current				
Culture and recreation	422,066	505,150	475,749	29,401
Revenues over (under) expenditures	(340,456)	(399,190)	(365,813)	33,377
Other financing sources (uses)				
Transfers in	325,000	375,000	375,000	-
Net changes in fund balance	(15,456)	(24,190)	9,187	33,377
Fund balance, beginning of year	39,216	39,216	39,216	-
Fund balance, end of year	\$ 23,760	\$ 15,026	\$ 48,403	\$ 33,377

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 177	\$ 177
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	1,000	1,000	177	(823)
Expenditures				
Current				
Public safety	6,000	6,000	357	5,643
Net changes in fund balance	(5,000)	(5,000)	(180)	4,820
Fund balance, beginning of year	7,599	7,599	7,599	-
Fund balance, end of year	<u>\$ 2,599</u>	<u>\$ 2,599</u>	<u>\$ 7,419</u>	<u>\$ 4,820</u>

CITY OF IONIA

**PUBLIC SAFETY DONATIONS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 430	\$ 430
Donations	<u>4,500</u>	<u>32,000</u>	<u>34,283</u>	<u>2,283</u>
Total revenues	4,500	32,000	34,713	2,713
Expenditures				
Current				
Public safety	<u>5,000</u>	<u>26,000</u>	<u>25,178</u>	<u>822</u>
Net changes in fund balance	(500)	6,000	9,535	3,535
Fund balance, beginning of year	<u>6,058</u>	<u>6,058</u>	<u>6,058</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,558</u>	<u>\$ 12,058</u>	<u>\$ 15,593</u>	<u>\$ 3,535</u>

CITY OF IONIA

**PUBLIC SAFETY VEHICLE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 45,000	\$ 200,000	\$ 200,000	\$ -
Interest and rents	100	350	9,965	9,615
Total revenues	45,100	200,350	209,965	9,615
Expenditures				
Current				
Public safety	313,000	313,000	313,000	-
Revenues over (under) expenditures	(267,900)	(112,650)	(103,035)	9,615
Other financing sources (uses)				
Transfers in	115,000	115,000	115,000	-
Net changes in fund balance	(152,900)	2,350	11,965	9,615
Fund balance, beginning of year	295,494	295,494	295,494	-
Fund balance, end of year	<u>\$ 142,594</u>	<u>\$ 297,844</u>	<u>\$ 307,459</u>	<u>\$ 9,615</u>

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 270	\$ 270
Miscellaneous	-	15,500	15,512	12
Total revenues	-	15,500	15,782	282
Expenditures				
Current				
Health and welfare	-	-	-	-
Net changes in fund balance	-	15,500	15,782	282
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 15,500</u>	<u>\$ 15,782</u>	<u>\$ 282</u>

CITY OF IONIA

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Fund Type		Statement of Net Position
	General Fund	Adjustments	
Assets			
Cash and pooled investments	\$ 72,776	\$ -	\$ 72,776
Accounts receivable	36	-	36
Capital assets			
Land	-	387,256	387,256
Total assets	\$ 72,812	387,256	460,068
Deferred outflows pension related	-	108,629	108,629
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 8,630	-	8,630
Accrued liabilities	4,678	-	4,678
Noncurrent liabilities			
Compensated absences	-	16,933	16,933
Net pension liability	-	335,247	335,247
Total liabilities	13,308	352,180	365,488
Deferred inflows pension related	-	1,894	1,894
Fund balances			
Unassigned	59,504	(59,504)	-
Total liabilities and fund balances	\$ 72,812		
Net position (deficit)			
Net investment in capital assets		387,256	387,256
Unrestricted (deficit)		(185,941)	(185,941)
Total net position		\$ 201,315	\$ 201,315

CITY OF IONIA

DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	
Revenues			
Taxes	\$ 46,023	\$ -	\$ 46,023
Interest	1,409	-	1,409
Charges	20,000	-	20,000
Contributions from primary government	350,000	-	350,000
Miscellaneous	17,767	-	17,767
Total revenues	435,199	-	435,199
Expenditures/expenses			
Current			
Personnel services	73,639	20,522	94,161
Contractual services	198,020	-	198,020
Benefits	52,892	-	52,892
Materials and supplies	6,865	-	6,865
Utilities	8,804	-	8,804
Promotion	17,814	-	17,814
Contributions to primary government	24,460	-	24,460
Total expenditures/expenses	382,494	20,522	403,016
Revenues over (under) expenditures/expenses	52,705	20,522	32,183
Net changes in fund balances	52,705	(52,705)	
Change in net position		(32,183)	32,183
Fund balances/net position, beginning of year	6,799		169,132
Fund balances/net position, end of year	\$ 59,504		\$ 201,315

CITY OF IONIA

**LOCAL DEVELOPMENT FINANCE AUTHORITY
BALANCE SHEET/STATEMENT OF NET POSITION**

JUNE 30, 2023

	Governmental Fund Type		Statement of Net Position
	General Fund	Adjustments	Net Position
Assets			
Cash and pooled investments	\$ 648	\$ -	\$ 648
Total assets	\$ 648	-	648
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
Fund balances			
Unassigned	648	(648)	-
Total liabilities and fund balances	\$ 648		
Net position			
Unrestricted		\$ 648	\$ 648

CITY OF IONIA

**LOCAL DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Revenues			
Interest	\$ 648	\$ -	\$ 648
Total revenues	<u>648</u>	<u>-</u>	<u>648</u>
Expenditures/expenses			
Current			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	648	(648)	
Change in net position		(648)	648
Fund balances/net position, beginning of year	<u>-</u>		<u>-</u>
Fund balances/net position, end of year	<u>\$ 648</u>		<u>\$ 648</u>

CITY OF IONIA

**BROWNFIELD REDEVELOPMENT AUTHORITY
BALANCE SHEET/STATEMENT OF NET POSITION**

JUNE 30, 2023

	Governmental Fund Type		Statement of Net Position
	General Fund	Adjustments	Net Position
Assets			
Cash and pooled investments	\$ 62,894	\$ -	\$ 62,894
Total assets	\$ 62,894	-	62,894
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
Fund balances			
Unassigned	62,894	(62,894)	-
Total liabilities and fund balances	\$ 62,894		
Net position			
Unrestricted		\$ 62,894	\$ 62,894

CITY OF IONIA

**BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Revenues			
Miscellaneous	\$ 33,080	\$ -	\$ 33,080
Interest	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Total revenues/expenses	35,280	-	35,280
Expenditures			
Current			
Contractual	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	35,280	(35,280)	
Change in net position		(35,280)	35,280
Fund balances/net position, beginning of year	<u>27,614</u>		<u>27,614</u>
Fund balances/net position, end of year	<u>\$ 62,894</u>		<u>\$ 62,894</u>

DIAL-A-RIDE TRANSIT SCHEDULES

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1)**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>7/1/22 to</u> <u>9/30/2022</u>	<u>10/1/22 to</u> <u>6/30/2023</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 13,925	\$ 52,276	\$ 66,201
Contract fares	1,024	700	1,724
JARC fares	4,166	11,662	15,828
Property tax levy	78,054	43,819	121,873
Local participation	6,750	13,500	20,250
Tower rental and central dispatch fees	3,977	20,482	24,459
Interest income	189	18,932	19,121
Miscellaneous	1,225		1,225
Sale of capital assets	-	-	-
Total local revenues	<u>\$ 109,310</u>	<u>\$ 161,371</u>	<u>\$ 270,681</u>

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1A)**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>10/1/21 to</u> <u>6/30/2022</u>	<u>7/1/22 to</u> <u>9/30/2022</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 46,069	\$ 13,925	\$ 59,994
Contract fares	3,136	1,024	4,160
JARC fares	12,605	4,166	16,771
Property tax levy	56,330	78,054	134,384
Local participation	12,750	6,750	19,500
Tower rental fees	9,758	3,977	13,735
Interest income	524	189	713
Miscellaneous	727	1,225	1,952
Sale of capital assets	-	-	-
Total local revenues	<u>\$ 141,899</u>	<u>\$ 109,310</u>	<u>\$ 251,209</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)
FOR THE YEAR ENDED JUNE 30, 2023

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures				Award Amount Remaining
				Total	Federal	State	Local	
U.S. Department of Transportation								
Passed through Michigan Department of Transportation								
Operating assistance - section 5311 - 2020 (PY accrual)	20.509	2017-0071/P18	\$ -	\$ (6,822)	\$ (6,822)	\$ -	\$ -	\$ 6,822
Operating assistance - section 5311 - 2020 (accrual)	20.509	2017-0071/P18	-	6,822	6,822	-	-	(6,822)
Operating assistance - section 5311 - 2022 (PY accrual)	20.509	2022-0074/P3	-	(19,542)	(19,542)	-	-	19,542
Operating assistance - section 5311 - 2022 (receipt)	20.509	2022-0074/P3	202,340	101,170	101,170	-	-	101,170
Operating assistance - section 5311 - 2023 (receipt)	20.509	2022-0074/P6	211,536	102,289	102,289	-	-	109,247
Operating assistance - section 5311 - 2023 (accrual)	20.509	2022-0074/P6	-	71,362	71,362	-	-	(71,362)
Operating assistance - section 5311 - 2019 JARC (reconciled)	20.516	2017-0071/P9	-	(858)	(429)	(429)	-	858
Operating assistance - section 5311 - 2022 JARC (PY accrual)	20.516	2022-0074/P1	-	(40,740)	(20,370)	(20,370)	-	40,740
Operating assistance - section 5311 - 2022 JARC (receipt)	20.516	2022-0074/P1	168,500	87,272	43,636	43,636	-	81,228
Operating assistance - section 5311 - 2023 JARC (receipt)	20.516	2022-0074/P5	168,500	76,824	38,412	38,412	-	91,676
Operating assistance - section 5311 - 2023 JARC (accrual)	20.516	2022-0074/P5	-	56,886	28,443	28,443	-	(56,886)
RTAP funding (receipt)	20.509		-	10,431	10,431	-	-	(10,431)
Capital grant - section 5311 - FY 2019 capital (receipt)	20.509	2017-0071/P16	22,500	7,650	6,120	1,530	-	14,850
Total passed through Michigan Department of Transportation			773,376	452,744	361,522	91,222	-	320,632
Michigan Department of Transportation								
Operating assistance - Act 51 (PY accrual)	N/A	FY2022	-	(18,180)	-	(18,180)	-	18,180
Operating assistance - Act 51 (reconcile)	N/A	FY2022	-	(4,738)	-	(4,738)	-	4,738
Operating assistance - Act 51 (receipt)	N/A	FY2022	-	51,761	-	51,761	-	(51,761)
Operating assistance - Act 51 (receipt)	N/A	FY2023	-	155,295	-	155,295	-	(155,295)
Operating assistance - Act 51 (accrual)	N/A	FY2023	-	12,416	-	12,416	-	(12,416)
Commission on Aging Contract - 2022 (PY accrual)	N/A	2017-0071/P15	-	(6,295)	-	(6,295)	-	6,295
Commission on Aging Contract - 2022 (receipt)	N/A	2017-0071/P15	-	12,590	-	12,590	-	(12,590)
Commission on Aging Contract - 2023 (receipt)	N/A	2017-0071/P15	-	25,178	-	25,178	-	(25,178)
Total Operating Assistance			\$ -	228,027	-	228,027	-	\$ (228,027)
Total				\$ 680,771	\$ 361,522	\$ 319,249	\$ -	

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Grant Number</u>	<u>7/1/22 to 9/30/2022</u>	<u>10/1/22 to 6/30/2023</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - Act 51 (PY accrual)	FY2022	\$ (18,180)	\$ -	\$ (18,180)
Operating assistance - Act 51 (receipt)	FY2022	51,761	-	51,761
Operating assistance - Act 51 (receipt)	FY2022	-	(4,738)	(4,738)
Operating assistance - Act 51 (receipt)	FY2023	-	155,295	155,295
Operating assistance - Act 51 (accrual)	FY2023	-	12,416	12,416
Commission on Aging Contract - 2022 (PY accrual)	2017-0071/P15	(6,295)	-	(6,295)
Commission on Aging Contract - 2022 (receipt)	2017-0071/P15	12,590	-	12,590
Commission on Aging Contract - 2023 (receipt)	2017-0071/P15	-	25,178	25,178
Operating assistance - section 5311 - 2019 JARC (reconciled)	2017-0071/P9	-	(429)	(429)
Operating assistance - section 5311 - 2022 JARC (PY accrual)	2022-0074/P1	(20,370)	-	(20,370)
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	20,370	23,266	43,636
Operating assistance - section 5311 - 2023 JARC (receipt)	2022-0074/P5	-	38,412	38,412
Operating assistance - section 5311 - 2023 JARC (accrual)	2022-0074/P5	-	28,443	28,443
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	-	1,530	1,530
Total Michigan Department of Transportation		<u>39,876</u>	<u>279,373</u>	<u>319,249</u>
Federal grants				
Operating assistance - section 5311 - 2020 (PY accrual)	2017-0071/P18	(6,822)	-	(6,822)
Operating assistance - section 5311 - 2020 (accrual)	2017-0071/P18	6,822	-	6,822
Operating assistance - section 5311 - 2022 (PY accrual)	2022-0074/P3	(19,542)	-	(19,542)
Operating assistance - section 5311 - 2022 (receipt)	2022-0074/P3	50,585	50,585	101,170
Operating assistance - section 5311 - 2023 (receipt)	2022-0074/P6	-	102,289	102,289
Operating assistance - section 5311 - 2023 (accrual)	2022-0074/P6	-	71,362	71,362
Operating assistance - section 5311 - 2019 JARC (reconciled)	2017-0071/P9	-	(429)	(429)
Operating assistance - section 5311 - 2022 JARC (PY accrual)	2022-0074/P1	(20,370)	-	(20,370)
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	20,370	23,266	43,636
Operating assistance - section 5311 - 2023 JARC (receipt)	2022-0074/P5	-	38,412	38,412
Operating assistance - section 5311 - 2023 JARC (accrual)	2022-0074/P5	-	28,443	28,443
RTAP funding (receipt)		700	9,731	10,431
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	-	6,120	6,120
Total federal grants		<u>31,743</u>	<u>329,779</u>	<u>361,522</u>
Total		<u>\$ 71,619</u>	<u>\$ 609,152</u>	<u>\$ 680,771</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2B)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		<u>10/1/21 to</u> <u>6/30/2022</u>	<u>7/1/22 to</u> <u>9/30/2022</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - Act 51 (receipt)	FY2022	\$ 155,295	\$ 51,761	\$ 207,056
Operating assistance - Act 51 (PY accrual)	FY2022	-	(18,180)	(18,180)
Operating assistance - Act 51 (accrual)	FY2022	18,180	-	18,180
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15	6,296	-	6,296
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15	12,588	-	12,588
Commission on Aging Contract - 2022 (accrual)	2017-0071/P15	6,295	12,590	18,885
Commission on Aging Contract - 2022 (PY accrual)	2017-0071/P15	-	(6,295)	(6,295)
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	22,615	-	22,615
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	40,614	20,370	60,984
Operating assistance - section 5311 - 2022 JARC (PY accrual)	2022-0074/P1	-	(20,370)	(20,370)
Operating assistance - section 5311 - 2022 JARC (accrual)	2022-0074/P1	20,370	-	20,370
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P20	<u>1,949</u>	<u>-</u>	<u>1,949</u>
Total Michigan Department of Transportation		<u>284,202</u>	<u>39,876</u>	<u>324,078</u>
Federal grants				
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	3,516	-	3,516
Operating assistance - section 5311 - 2020 (PY accrual)	2017-0071/P18	-	(6,822)	(6,822)
Operating assistance - section 5311 - 2020 (accrual)	2017-0071/P18	6,822	6,822	13,644
Operating assistance - section 5311 - 2021 (receipt)	2017-0071/P21	43,427	-	43,427
Operating assistance - section 5311 - 2022 (receipt)	2022-0074/P3	101,170	50,585	151,755
Operating assistance - section 5311 - 2022 (PY accrual)	2022-0074/P3	-	(19,542)	(19,542)
Operating assistance - section 5311 - 2022 (accrual)	2022-0074/P3	19,542	-	19,542
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	22,615	-	22,615
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	40,615	20,370	60,985
Operating assistance - section 5311 - 2022 JARC (PY accrual)	2022-0074/P1	-	(20,370)	(20,370)
Operating assistance - section 5311 - 2022 JARC (accrual)	2022-0074/P1	20,370	-	20,370
RTAP funding (receipt)		2,884	-	2,884
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P20	<u>7,797</u>	<u>-</u>	<u>7,797</u>
Total federal grants		<u>268,758</u>	<u>31,043</u>	<u>299,801</u>
Total		<u>\$ 552,960</u>	<u>\$ 70,919</u>	<u>\$ 623,879</u>

CITY OF IONIA

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Total</u>
Local revenue	
Demand response (farebox)	
Regular service	\$ 59,994
School services	4,160
Property tax levy	134,384
Local participation	19,500
Tower rental and central dispatch fees	13,735
Interest income	713
Sale of capital assets	-
	<hr/>
Total local revenues	<u>234,438</u>
State and Federal revenue	
Michigan Department of Transportation	
Formula operating assistance (Act 51) - FY22	<u>207,056</u>
Total Michigan Department of Transportation	<u>207,056</u>
Federal grants	
Section 5311 grant 2022-74/P3 - 2022 operating	151,755
RTAP funding receipts	<u>2,884</u>
Total federal grants	<u>154,639</u>
Total	<u>\$ 596,133</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Nonurban</u>	<u>JARC</u>	<u>Specialized Services</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 338,856	\$ 79,294	\$ -	\$ 418,150
Fringe benefits	33,375	8,145	-	41,520
Pension - defined contribution (457 plan)	3,602	901	-	4,503
Pension - defined benefit	30,474	7,054	-	37,528
Services				
Other services	87,984	69,649	31,473	189,106
Materials and supplies				
Fuel	48,599	12,216	-	60,815
Other materials and supplies	9,359	2,248	-	11,607
Casualty and liability costs				
Insurance	6,675	1,286	-	7,961
Utilities	35,843	3,427	-	39,270
Miscellaneous	12,431	140	-	12,571
Depreciation	<u>148,790</u>	<u>-</u>	<u>-</u>	<u>148,790</u>
Total operating expenses	<u>\$ 755,988</u>	<u>\$ 184,360</u>	<u>\$ 31,473</u>	<u>\$ 971,821</u>

The following cost allocation plans were adhered to by the Dial-a-Ride in the preparation of the financial statements:

- 2007 Specialized services
- 2008 JARC (April 2017)
- 2011 Central Services

Capital grants utilities utilized to pay operating expenses, auxiliary transportation and nontransportation revenue (MDOT expense codes 406xx & 407xx) are excluded for purposes of calculating operating reimbursements.

Actual pension expenses paid are reported for purposes of calculating operating reimbursement. The City does not have an OPEB plan.

Pension expense above is calculated as follows:

Defined benefit plan

Actuarially required contributions paid	\$ 35,303	
GASB 68/GASB 71 adjustments to pension expense	<u>2,225</u>	Added as eligible expense

Defined benefit plan net pension expense \$ 37,528 agrees to DB pension above

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING EXPENSES SPLIT
BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)**

FOR THE YEAR ENDED JUNE 30, 2023

	Nonurban			Operating assistance - section 5311 - JARC 2022-0074/P1		
	7/1/22 to	10/1/22 to	Total	7/1/22 to	10/1/22 to	Total
	9/30/2022	6/30/2023		9/30/2022	6/30/2023	
Expenses						
Labor	\$ 62,824	\$ 276,032	\$ 338,856	\$ 17,719	\$ -	\$ 17,719
Fringe benefits	6,301	27,074	33,375	1,777	-	1,777
Pension	7,542	26,534	34,076	2,128	-	2,128
Service	8,550	79,434	87,984	24,106	-	24,106
Materials and supplies	15,604	42,354	57,958	4,370	-	4,370
Casualty and liability costs	-	6,675	6,675	-	-	-
Utilities	4,875	30,968	35,843	543	-	543
Miscellaneous	1,248	11,183	12,431	7	-	7
Depreciation	39,139	109,651	148,790	-	-	-
Total expenses	\$ 146,083	\$ 609,905	\$ 755,988	\$ 50,650	\$ -	\$ 50,650

	Operating assistance - section 5311 - JARC 2022-0074/P5			Specialized Services 2017-0071/P15		
	7/1/22 to	10/1/22 to	Total	7/1/22 to	10/1/22 to	Total
	9/30/2022	6/30/2023		9/30/2022	6/30/2023	
Expenses						
Labor	\$ -	\$ 61,575	\$ 61,575	\$ -	\$ -	\$ -
Fringe benefits	-	6,368	6,368	-	-	-
Pension	-	5,827	5,827	-	-	-
Service	-	45,543	45,543	12,592	-	12,592
Materials and supplies	-	10,094	10,094	-	-	-
Casualty and liability costs	-	1,286	1,286	-	-	-
Utilities	-	2,884	2,884	-	-	-
Miscellaneous	-	133	133	-	-	-
Depreciation	-	-	-	-	-	-
Total expenses	\$ -	\$ 133,710	\$ 133,710	\$ 12,592	\$ -	\$ 12,592

	Specialized Services 2017-0071/P15		
	7/1/22 to	10/1/22 to	Total
	9/30/2022	6/30/2023	
Expenses			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	-	18,881	18,881
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
Total expenses	\$ -	\$ 18,881	\$ 18,881

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING EXPENSES (3B)
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Nonurban</u>			<u>Operating assistance - section 5311 - JARC 2022-0074/P1</u>		
	<u>10/1/21 to</u>	<u>7/1/22 to</u>	<u>Total</u>	<u>10/1/21 to</u>	<u>7/1/22 to</u>	<u>Total</u>
	<u>6/30/2022</u>	<u>9/30/2022</u>		<u>6/30/2022</u>	<u>9/30/2022</u>	
Expenses						
Labor	\$ 228,933	\$ 62,824	\$ 291,757	\$ 60,477	\$ 17,719	\$ 78,196
Fringe benefits	35,896	6,301	42,197	8,883	1,777	10,660
Pension	(69,666)	7,542	(62,124)	5,998	2,128	8,126
Service	62,014	8,550	70,564	43,652	24,106	67,758
Materials and supplies	39,508	15,604	55,112	11,050	4,370	15,420
Casualty and liability costs	5,299	-	5,299	1,409	-	1,409
Utilities	18,916	4,875	23,791	3,000	543	3,543
Miscellaneous	3,707	1,248	4,955	115	7	122
Depreciation	<u>115,463</u>	<u>39,139</u>	<u>154,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 440,070</u>	<u>\$ 146,083</u>	<u>\$ 586,153</u>	<u>\$ 134,584</u>	<u>\$ 50,650</u>	<u>\$ 185,234</u>

	<u>Specialized Services 2017-0071/P15</u>		
	<u>10/1/21 to</u>	<u>7/1/22 to</u>	<u>Total</u>
	<u>6/30/2022</u>	<u>9/30/2022</u>	
Expenses			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	18,885	12,592	31,477
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 18,885</u>	<u>\$ 12,592</u>	<u>\$ 31,477</u>

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONURBAN REGULAR SERVICE EXPENSES (4E)**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Total System
Operating expenses	
Labor	
Salaries and wages	\$ 291,757
Fringe benefits	42,197
Pension	(62,124)
Services	
Audit costs	3,200
Other services	67,364
Materials and supplies	
Fuel	55,112
Other materials and supplies	-
Insurance	
Liability	5,299
Other	-
Utilities	23,791
Miscellaneous	4,955
Depreciation	<u>154,602</u>
Total operating expenses	<u>586,153</u>
Ineligible expenses	
Ineligible depreciation	\$ 153,478
Expense associated with rentals	3,321
Ineligible (eligible) defined benefit pension*	(93,647)
Ineligible portion of association dues	117
RTAP	<u>3,584</u>
Total ineligible expenses	<u>66,853</u>
Total eligible expenses	<u>\$ 519,300</u>

*The June 30, 2022 year end GASB 68 adjustment (posted 6/30/22) resulted in a decrease to the pension expense of \$93,647

CITY OF IONIA

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF JARC SERVICE EXPENSES (4E)

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Total System</u>
Operating expenses	
Labor	
Salaries and wages	\$ 78,196
Fringe benefits	10,660
Pension	8,126
Services	
Audit costs	-
Other services	67,758
Materials and supplies	
Fuel	15,420
Other materials and supplies	
Insurance	
Liability	1,409
Other	-
Utilities	3,543
Miscellaneous	122
Depreciation	-
	<hr/>
Total operating expenses	<u>185,234</u>
Ineligible expenses	
JARC Farebox revenue	<u>16,771</u>
Total ineligible expenses	<u>16,771</u>
Total eligible expenses	<u>\$ 168,463</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
OPERATING ASSISTANCE CALCULATION (5)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 291,757
Fringe benefits	42,197
Pension	(62,124)
Service	70,564
Materials and supplies	55,112
Casualty and liability costs	5,299
Utilities	23,791
Miscellaneous	4,955
Depreciation	<u>154,602</u>
Total expenses	<u>586,153</u>
Less ineligible expenses	
Depreciation	153,478
Expense associated with rentals	3,321
Ineligible (eligible) defined benefit pension	(93,647)
Ineligible portion of association dues	117
Federal grants - RTAP	<u>3,584</u>
Total ineligible expenses	<u>66,853</u>
State eligible expenses	<u>\$ 519,300</u>
State operating assistance - 37.7685	<u>\$ 196,132</u>
Federal eligible expenses	
State eligible expenses	\$ 519,300
Less additional federal ineligible expenses	
Audit costs	<u>3,200</u>
Federal eligible expenses	<u>\$ 516,100</u>
Setion 5311 reimbursement - 40.0%	<u>\$ 206,440</u>

*The June 30, 2022 year end GASB 68 adjustment (posted 6/30/22) resulted in a decrease to the pension expense of \$93,647

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>NONURBAN REGULAR SERVICE</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Vehicle miles	<u>102,287</u>	<u>3,193</u>	<u>-</u>	<u>105,480</u>
Vehicle hours	<u>8,258</u>	<u>218</u>	<u>-</u>	<u>8,476</u>
<u>JOB ACCESS REVERSE COMMUTE (JARC)</u>				
Vehicle miles	<u>42,563</u>	<u>823</u>	<u>-</u>	<u>43,386</u>
Vehicle hours	<u>2,739</u>	<u>142</u>	<u>-</u>	<u>2,881</u>

The methodology used to compile miles and passengers has been reviewed and the recording method has been found to be adequate and reliable.

The methodology used to allocate costs between regular service and JARC has been reviewed and the allocator (hours) includes an estimate of the hours necessary for JARC activities based on the expected length of time required for JARC runs.

SINGLE AUDIT SECTION



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

November 2, 2023

Honorable Mayor and Members of the City Council
City of Ionia, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ionia, Michigan, (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 2, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ordebold Haefner LLC



Vredeveld Haefner LLC

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

November 2, 2023

Honorable Mayor and Members of the City Council
City of Ionia, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ionia, Michigan's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Township's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Ionia, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Uredaxold Haefner LLC

CITY OF IONIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	COVID-19 Related	Federal Assistance Listing Number	Pass- through Grantor's Number	Expenditures
U.S. Department of Treasury/Michigan Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds	Yes	21.027		<u>\$ 1,173,631</u>
U.S. Department of Justice				
Patrick Leahy Bulletproof Vest Partnership Program	No	16.607		<u>1,595</u>
U.S. Department of Transportation/Michigan Department of Transportation				
Operating assistance - section 5311 - 2020 (PY accrual)	No	20.509	2017-0071/P18	(6,822)
Operating assistance - section 5311 - 2020 (accrual)	No	20.509	2017-0071/P18	6,822
Operating assistance - section 5311 - 2022 (PY accrual)	Yes	20.509	2022-0074/P3	(19,542)
Operating assistance - section 5311 - 2022 (receipt)	Yes	20.509	2022-0074/P3	101,170
Operating assistance - section 5311 - 2023 (receipt)	Yes	20.509	2022-0074/P6	102,289
Operating assistance - section 5311 - 2023 (accrual)	Yes	20.509	2022-0074/P6	71,362
RTAP funding (receipt)	No	20.509		10,431
Capital grant - section 5311 - FY 2019 capital (receipt)	No	20.509	2017-0071/P16	<u>6,120</u>
Total		20.509		<u>271,830</u>
Operating assistance - section 5311 - 2019 JARC (reconciled)	No	20.516	2017-0071/P9	(429)
Operating assistance - section 5311 - 2022 JARC (PY accrual)	Yes	20.516	2022-0074/P1	(20,370)
Operating assistance - section 5311 - 2022 JARC (receipt)	Yes	20.516	2022-0074/P1	43,636
Operating assistance - section 5311 - 2023 JARC (receipt)	Yes	20.516	2022-0074/P5	38,412
Operating assistance - section 5311 - 2023 JARC (accrual)	Yes	20.516	2022-0074/P5	<u>28,443</u>
Total		20.516		<u>89,692</u>
Total Federal Awards				<u><u>\$ 1,536,748</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF IONIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Reconciliation of revenues from federal sources per financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Federal revenue reported in governmental funds	\$ 1,595
Federal revenue reported in proprietary funds - nonoperating	355,402
Federal revenue reported in proprietary funds - contributed capital	<u>1,179,751</u>
Total	<u>\$ 1,536,748</u>
Expenditures reported on the schedule of expenditure of federal awards	<u>\$ 1,536,748</u>

3. The Township did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

CITY OF IONIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-01

Condition and Criteria: The City's written policies and procedures provide for vendor certification of suspension and debarment status or City review of vendor suspension and debarment status on the SAM.gov website before applicable purchases.

Cause: The City policy for compliance with suspension and debarment requirements did not provide for specific action necessary to document compliance.

Effect: The City entered into a contract with a vendor before the vendor suspension and debarment status was documented. This vendor is not suspended or debarred per review of the SAM.gov website.

Recommendation: The City should modify current policies and procedures to require documentation of vendor certification of suspension and debarment status or City review of vendor suspension and debarment status on the SAM.gov website before applicable purchases.

Management Response: Management will modify policies and procedures to require document of vendor suspension and debarment status for all federally funded purchases or contracts.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None



CITY OF IONIA
Corrective Action Plan FY 22-23

CITY HALL
ADMINISTRATION
114 North Kidd Street
Ionia, Michigan 48846
ph 616-527-4170
fx 616-527-0810

November 2, 2023

City of Ionia agrees with the findings identified and respectfully submits the following Corrective Action Plan for the year ending June 20, 2023.

ARMORY
COMMUNITY CENTER &
PARKS AND RECREATION
DEPARTMENT
439 West Main Street
Ionia, Michigan 48846
ph 616-523-1800
fx 616-523-1803

2023-01

The City did not document the part of the policy that is needed to show that the vendor was not suspended or debarred from the Federal Government through SAM.gov before the contract was entered into.

Implementation and Monitoring

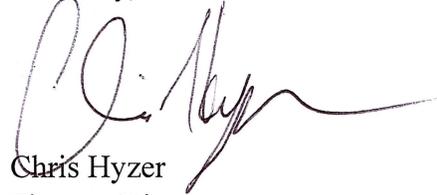
The City has discussed the procedure of policy and has identified that the review and documentation on the selected vendor needs to happen prior to approval of the contract by City Council. It will be the responsibility of the Finance Director and the City Manager to adhere to the policy to document the review of the vendor through SAM.gov.

PUBLIC SAFETY
DEPARTMENT
239 East Adams Street
Ionia, Michigan 48846
ph 616-527-4431
fx 616-527-5717

If anyone has questions about the plan, please contact Chris Hyzer at 616.523.0137 or dirfinance@ci.ionia.mi.us.

PUBLIC TRANSPORTATION
DEPARTMENT (Dial-A-Ride)
251 East Adams Street
Ionia, Michigan 48846
ph 616-527-4000
fx 616-527-5788

Sincerely,



Chris Hyzer
Finance Director

PUBLIC UTILITIES
DEPARTMENT
720 Wells Street
Ionia, Michigan 48846
ph 616-527-0370
fx 616-527-6002

PUBLIC WORKS
DEPARTMENT
303 South Jackson Street
Ionia, Michigan 48846
ph 616-527-2760
fx 616-527-5787