



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF IONIA

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## INDEPENDENT AUDITORS' REPORT

October 23, 2019

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

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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 of Ionia, Michigan, as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ionia's basic financial statements. The combining and individual fund financial statements and schedules and statistical section 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has 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 it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, on our consideration of the City of Ionia'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 City of Ionia's internal control over financial reporting and compliance.

*Uredaxeld Haefner LLC*

## **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, 2019. 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 while recognizing the current economic challenges in the State of Michigan. The City has been able to combat these challenges through organizational changes, improved efficiencies, participation from represented employee union groups and prioritizing capital projects.

- The City continued its participation in the State's City, Village, Township Revenue Sharing (CVTRS) Program, receiving the maximum funding level permitted.
- The total property tax millage levied to support the FY18-19 budget remained the same as the FY17-18 level, despite only modest increases in the total taxable value of the City.
- The City added more than \$5,000,000 of capital equipment and infrastructure to service residence 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 fourteen 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, local streets and public safety vehicle funds, which are considered 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 \$22,166,947 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$3,473,426	\$3,889,214	\$8,079,274	\$10,792,005	\$11,552,700	\$14,681,219
Noncurrent assets	9,832,196	8,045,952	42,999,377	40,921,445	52,831,573	48,967,397
<b>Total assets</b>	<b>13,305,622</b>	<b>11,935,166</b>	<b>51,078,651</b>	<b>51,713,450</b>	<b>64,384,273</b>	<b>63,648,616</b>
Deferred outflows	1,068,516	542,382	258,952	177,642	1,327,468	720,024
Long-term liabilities	10,740,082	9,954,522	31,184,109	32,172,446	41,924,191	42,126,968
Other liabilities	939,440	797,763	681,163	627,475	1,620,603	1,425,238
<b>Total liabilities</b>	<b>11,679,522</b>	<b>10,752,285</b>	<b>31,865,272</b>	<b>32,799,921</b>	<b>43,544,794</b>	<b>43,552,206</b>
Net position						
Net investment in capital assets	9,832,196	8,045,952	16,321,639	15,288,258	26,153,835	23,334,210
Restricted	1,148,719	1,372,867	-	-	1,148,719	1,372,867
Unrestricted (deficit)	(8,286,299)	(7,693,556)	3,150,692	3,802,913	(5,135,607)	(3,890,643)
<b>Total net position</b>	<b>\$2,694,616</b>	<b>\$1,725,263</b>	<b>\$19,472,331</b>	<b>\$19,091,171</b>	<b>\$22,166,947</b>	<b>\$20,816,434</b>

Total net position for the City increased by \$1,350,513 from the prior year which is slightly higher than the increase in 2018.

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$2,198,582	\$1,586,934	\$6,388,173	\$6,231,999	\$8,586,755	\$ 7,818,933
Operating grants and contributions	1,421,615	1,126,973	536,416	520,950	1,958,031	1,647,923
Capital grants and contributions	313,119	346,328	334,527	43,317	647,646	389,645
General revenues						
Property taxes	876,057	1,049,657	71,983	83,088	948,040	1,132,745
Income taxes	2,506,382	2,508,019	-	-	2,506,382	2,508,019
Other governmental sources	818,303	794,107	-	-	818,303	794,107
Interest	119,147	57,443	52,058	21,852	171,205	79,295
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>8,253,205</b>	<b>7,469,461</b>	<b>7,383,157</b>	<b>6,901,206</b>	<b>15,636,362</b>	<b>14,370,667</b>
<b>Expenses</b>						
General government	\$1,830,931	\$1,570,572	\$ -	\$ -	\$ 1,830,931	\$ 1,570,572
Public safety	2,797,259	2,854,273	-	-	2,797,259	2,854,273
Public works	2,120,989	2,167,333	-	-	2,120,989	2,167,333
Culture and recreation	534,673	445,148	-	-	534,673	445,148
Interest	-	4,067	-	-	-	4,067
Dial-a-Ride	-	-	822,773	769,384	822,773	769,384
Sewer	-	-	3,301,582	2,763,707	3,301,582	2,763,707
Water	-	-	2,551,614	2,365,815	2,551,614	2,365,815
Theatre	-	-	326,028	313,569	326,028	313,569
<b>Total expenses</b>	<b>7,283,852</b>	<b>7,041,393</b>	<b>7,001,997</b>	<b>6,212,475</b>	<b>14,285,849</b>	<b>13,253,868</b>
Increase (decrease) before transfers	969,353	428,068	381,160	688,731	1,350,513	1,116,799
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	969,353	428,068	381,160	688,731	1,350,513	1,116,799
<b>Net position-beginning of year</b>	<b>1,725,263</b>	<b>1,297,195</b>	<b>19,091,171</b>	<b>18,402,440</b>	<b>20,816,434</b>	<b>19,699,635</b>
<b>Net position-end of year</b>	<b>\$2,694,616</b>	<b>\$1,725,263</b>	<b>\$19,472,331</b>	<b>\$19,091,171</b>	<b>\$22,166,947</b>	<b>\$20,816,434</b>

**Governmental Activities.** During the year, the City invested \$2,797,259 or 38% of governmental activities expenses in Public Safety, Public Works, which includes major and local streets was \$2,120,989 or 29% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 33% of governmental activities expenses.

**Business-type Activities.** Business-type activities increased the City's net position by \$381,160, primarily due to state and federal capital grants for bus replacements.

## 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 \$2,235,208, a decrease of \$611,577 in comparison with the prior year. Of the \$2,235,208, \$973,261 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 \$978,261. 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 21% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$323,351 during the current fiscal year primarily as a result of increased income tax and state shared revenues along with expenditures below budgeted amounts and transfers to other funds of \$1,625,000.

The Local Street Fund is used to account for the receipt and expenditure of fuel and weight taxes, distributed by the State of Michigan, that are restricted for use on local streets by Act 51. The fund balance increased by \$100,229 during the current fiscal year leaving a remaining fund balance of \$323,915.

The Public Safety Vehicle Fund is used to accumulate and disperse funds for acquisition of public safety vehicles. Current year ending fund balances was \$5,863 a decline of \$91,359 from 2018.

**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 \$3,150,692. The enterprise funds reported an increase in net position for the year of \$381,160. 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 charges for service to reflect additional fire services revenue.
- Increased local street maintenance and improvement budget.
- Increased the general fund transfers out and public safety vehicle fund transfers in to provide funding for the fire vehicle purchase.

## 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, 2019, amounted to \$52,831,573 (net of accumulated depreciation). Significant additions were made due to continued investment in the City's parks, vehicles, and water and sewer infrastructure. The City's capital assets (net of depreciation) are summarized as follows:

<b>Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 754,633	\$ 1,219,180	\$ 1,973,813
Construction in progress	257,048	1,967,434	2,224,482
Buildings, Equipment and Infrastructure	8,820,515	39,812,763	48,633,278
<b>Total</b>	<b>\$9,832,196</b>	<b>\$42,999,377</b>	<b>\$52,831,573</b>

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 \$41,924,191 summarized as follows:

<b>Long-term Debt</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Accrued employee benefits	\$ 396,760	\$ 94,242	\$ 491,002
Net pension liability	10,343,322	1,664,457	12,007,779
Bond premium	-	545,785	545,785
Bonds payable	-	28,879,625	28,879,625
<b>Total</b>	<b>\$10,740,082</b>	<b>\$31,184,109</b>	<b>\$41,924,191</b>

The City made debt principal payments totaling \$1,204,550 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 2019-20 fiscal year:

- Continued full funding from the State's City, Village, Township Revenue Sharing (CVTRS) Program.
- The millage rate adopted by the City Council during June 2019 to support 2019-20 was 9.000 mills, which is the same amount as FY 18-19.
- Water Utility charges were increased for FY 19-20. The water commodity charge increased from \$3.00 per 1,000 gallons to \$3.40 per 1,000 gallons. The water debt service charge increased from \$24.00/REU/quarter to \$26.00/REU/quarter. The sanitary sewer system facilities maintenance charge or commodity charge remained at \$44.00/REU/quarter.

## 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: [chzyer@ci.ionia.mi.us](mailto:chzyer@ci.ionia.mi.us) or Jason Eppler, City Manager, at extension 5776, or via e-mail: [jeppler@ci.ionia.mi.us](mailto:jeppler@ci.ionia.mi.us).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF IONIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Primary Government			Component Units		
				Local		
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Development Finance Authority	Brownfield Redevelopment Authority
<b>Assets</b>						
Cash and pooled investments	\$ 2,492,972	\$ 3,500,013	\$ 5,992,985	\$ 61,545	\$ 152,699	\$ 153,675
Accounts receivable	566,338	1,319,684	1,886,022	27	-	-
Prepaid items	-	2,345	2,345	-	-	-
Due from other governments	414,116	3,196,488	3,610,604	-	-	-
Inventory	-	60,744	60,744	-	-	-
Noncurrent						
Land	754,633	1,219,180	1,973,813	387,256	-	-
Construction in progress	257,048	1,967,434	2,224,482	-	-	-
Depreciable capital assets, net	8,820,515	39,812,763	48,633,278	-	-	-
<b>Total assets</b>	<b>13,305,622</b>	<b>51,078,651</b>	<b>64,384,273</b>	<b>448,828</b>	<b>152,699</b>	<b>153,675</b>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	-	86,845	86,845	-	-	-
Deferred outflow pension related	1,068,516	172,107	1,240,623	21,087	-	-
<b>Total deferred outflows of resources</b>	<b>1,068,516</b>	<b>258,952</b>	<b>1,327,468</b>	<b>21,087</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>						
Accounts payable	816,539	51,432	867,971	5,634	-	-
Accrued liabilities	122,901	623,894	746,795	2,402	-	-
Unearned revenue	-	5,837	5,837	-	-	-
Noncurrent liabilities						
Compensated absences	396,760	94,242	491,002	14,263	-	-
Net pension liability	10,343,322	1,664,457	12,007,779	203,936	-	-
Bond premium	-	545,785	545,785	-	-	-
Due within one year	-	1,229,550	1,229,550	-	-	-
Due in more than one year	-	27,650,075	27,650,075	-	-	-
<b>Total liabilities</b>	<b>11,679,522</b>	<b>31,865,272</b>	<b>43,544,794</b>	<b>226,235</b>	<b>-</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	9,832,196	16,321,639	26,153,835	387,256	-	-
Restricted for						
Cemetery	5,301	-	5,301	-	-	-
Capital improvements	190,826	-	190,826	-	-	-
Major streets	323,915	-	323,915	-	-	-
Local streets	342,921	-	342,921	-	-	-
Public safety	16,034	-	16,034	-	-	-
Solid waste	91,643	-	91,643	-	-	-
Recreation	178,079	-	178,079	-	-	-
Unrestricted (deficit)	(8,286,299)	3,150,692	(5,135,607)	(143,576)	152,699	153,675
<b>Total net position</b>	<b>\$ 2,694,616</b>	<b>\$ 19,472,331</b>	<b>\$ 22,166,947</b>	<b>\$ 243,680</b>	<b>\$ 152,699</b>	<b>\$ 153,675</b>

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

**CITY OF IONIA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,830,931	\$ 1,697,387	\$ 1,318	\$ -	\$ (132,226)
Public safety	2,797,259	98,789	5,321	200,181	(2,492,968)
Public works and streets	2,120,989	312,283	1,129,306	112,938	(566,462)
Culture and recreation	534,673	90,123	285,670	-	(158,880)
<b>Total governmental activities</b>	<b>7,283,852</b>	<b>2,198,582</b>	<b>1,421,615</b>	<b>313,119</b>	<b>(3,350,536)</b>
Business-type activities					
Dial-a-Ride	822,773	78,052	529,926	334,527	119,732
Sewer	3,301,582	3,629,294	-	-	327,712
Water	2,551,614	2,403,540	-	-	(148,074)
Theatre	326,028	277,287	6,490	-	(42,251)
<b>Total business-type activities</b>	<b>7,001,997</b>	<b>6,388,173</b>	<b>536,416</b>	<b>334,527</b>	<b>257,119</b>
<b>Total primary government</b>	<b>\$ 14,285,849</b>	<b>\$ 8,586,755</b>	<b>\$ 1,958,031</b>	<b>\$ 647,646</b>	<b>\$ (3,093,417)</b>
<b>Component units</b>					
Downtown Development Authority	\$ 300,836	\$ 20,976	\$ -	\$ -	\$ (279,860)
Local Development Finance Authority	3,501	-	-	-	(3,501)
Brownfield Redevelopment Authority	-	-	-	-	-
<b>Total component units</b>	<b>\$ 304,337</b>	<b>\$ 20,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (283,361)</b>

(Continued)

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

**CITY OF IONIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Primary Government			Component Units		
	Governmental	Business-type	Total	Downtown Development Authority	Local	Brownfield Redevelopment Authority
	Activities	Activities			Finance Authority	
<b>Changes in net assets</b>						
<b>Net (expense) revenue</b>	\$ (3,350,536)	\$ 257,119	\$ (3,093,417)	\$ (279,860)	\$ (3,501)	\$ -
General revenues						
Property taxes						
General operating	578,055	-	578,055	256,483	34,768	27,974
Restricted	298,002	71,983	369,985	-	-	-
Income taxes	2,506,382	-	2,506,382	-	-	-
State shared revenues - unrestricted	818,303	-	818,303	-	-	-
Interest	119,147	52,058	171,205	108	152	153
<b>Total general revenues</b>	<u>4,319,889</u>	<u>124,041</u>	<u>4,443,930</u>	<u>256,591</u>	<u>34,920</u>	<u>28,127</u>
Change in net position	969,353	381,160	1,350,513	(23,269)	31,419	28,127
<b>Net position, beginning of year</b>	<u>1,725,263</u>	<u>19,091,171</u>	<u>20,816,434</u>	<u>266,949</u>	<u>121,280</u>	<u>125,548</u>
<b>Net position, end of year</b>	<u>\$ 2,694,616</u>	<u>\$ 19,472,331</u>	<u>\$ 22,166,947</u>	<u>\$ 243,680</u>	<u>\$ 152,699</u>	<u>\$ 153,675</u>

(Concluded)

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

**CITY OF IONIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2019**

	<u>General</u>	<u>Local Streets</u>	<u>Public Safety Vehicle</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 609,559	\$ 297,137	\$ 5,863	\$ 1,299,932	\$ 2,212,491
Accounts receivable	464,840	-	-	76,151	540,991
Due from other governments	179,935	44,101	-	190,080	414,116
<b>Total assets</b>	<u>\$ 1,254,334</u>	<u>\$ 341,238</u>	<u>\$ 5,863</u>	<u>\$ 1,566,163</u>	<u>\$ 3,167,598</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 174,218	\$ 14,048	\$ -	\$ 624,125	\$ 812,391
Accrued liabilities	101,855	3,275	-	14,869	119,999
<b>Total liabilities</b>	<u>276,073</u>	<u>17,323</u>	<u>-</u>	<u>638,994</u>	<u>932,390</u>
<b>Fund balances</b>					
Nonspendable					
Permanent fund corpus	-	-	-	5,200	5,200
Restricted					
Permanent fund spendable	-	-	-	101	101
Streets	-	323,915	-	342,921	666,836
Public safety	-	-	-	16,034	16,034
Parks	-	-	-	-	-
Solid waste	-	-	-	91,643	91,643
Recreation	-	-	-	178,079	178,079
Capital projects	-	-	-	190,826	190,826
Assigned					
Public safety	5,000	-	5,863	-	10,863
Recreation	-	-	-	102,365	102,365
Unassigned	973,261	-	-	-	973,261
<b>Total fund balances</b>	<u>978,261</u>	<u>323,915</u>	<u>5,863</u>	<u>927,169</u>	<u>2,235,208</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,254,334</u>	<u>\$ 341,238</u>	<u>\$ 5,863</u>	<u>\$ 1,566,163</u>	<u>\$ 3,167,598</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, 2019

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<b>Fund balances - total governmental funds</b>	\$ 2,235,208
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	754,633
Add - construction in progress	257,048
Add - capital assets (net of accumulated depreciation)	7,946,287
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	1,161,861
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(385,615)
Deduct - net pension liability	(10,343,322)
Add - deferred outflows related to net pension liability	<u>1,068,516</u>
<b>Net position of governmental activities</b>	<u>\$ 2,694,616</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, 2019**

	<u>General</u>	<u>Local Streets</u>	<u>Public Safety Vehicle</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Property taxes	\$ 578,055	\$ 77,842	\$ -	\$ 298,002	\$ 953,899
Income taxes	2,506,382	-	-	-	2,506,382
Intergovernmental revenues					
Federal	909	-	-	-	909
State	973,484	366,404	-	993,038	2,332,926
Local	-	-	45,000	-	45,000
Contributions from component units	-	-	-	90,000	90,000
Licenses and permits	48,315	-	-	-	48,315
Charges for services	1,572,668	-	-	338,772	1,911,440
Fines	29,948	-	-	-	29,948
Interest	118,133	-	173	1,042	119,348
Donations	409	-	-	5,321	5,730
Miscellaneous	136,296	29,854	-	42,921	209,071
<b>Total revenues</b>	<u>5,964,599</u>	<u>474,100</u>	<u>45,173</u>	<u>1,769,096</u>	<u>8,252,968</u>
<b>Expenditures</b>					
Current					
General government	1,736,117	-	-	-	1,736,117
Public safety	2,555,916	-	1,001,532	1,081	3,558,529
Public works and streets	253,555	968,871	-	998,031	2,220,457
Health and welfare	39,830	-	-	-	39,830
Community and economic development	71,813	-	-	-	71,813
Culture and recreation	5,719	-	-	1,222,302	1,228,021
Capital outlay	-	-	-	9,778	9,778
<b>Total expenditures</b>	<u>4,662,950</u>	<u>968,871</u>	<u>1,001,532</u>	<u>2,231,192</u>	<u>8,864,545</u>
Revenues over (under) expenditures	<u>1,301,649</u>	<u>(494,771)</u>	<u>(956,359)</u>	<u>(462,096)</u>	<u>(611,577)</u>
Other financing sources (uses)					
Transfers in	-	595,000	865,000	535,000	1,995,000
Transfers out	(1,625,000)	-	-	(370,000)	(1,995,000)
Total other financing sources (uses)	<u>(1,625,000)</u>	<u>595,000</u>	<u>865,000</u>	<u>165,000</u>	<u>-</u>
Net changes in fund balances	(323,351)	100,229	(91,359)	(297,096)	(611,577)
<b>Fund balances, beginning of year</b>	<u>1,301,612</u>	<u>223,686</u>	<u>97,222</u>	<u>1,224,265</u>	<u>2,847,785</u>
<b>Fund balances, end of year</b>	<u>\$ 978,261</u>	<u>\$ 323,915</u>	<u>\$ 5,863</u>	<u>\$ 927,169</u>	<u>\$ 2,236,208</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, 2019**

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<b>Net changes in fund balances - total governmental funds</b>	\$ (611,577)
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	2,650,190
Deduct - depreciation expense	(838,332)
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	30,092
Deduct - decrease in deferred outflows related to pensions	526,134
Add - decrease in net pension liability	(817,798)
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>30,644</u>
<b>Change in net position of governmental activities</b>	<u>\$ 969,353</u>

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

**CITY OF IONIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 466,231	\$ 2,991,113	\$ -	\$ 42,669	\$ 3,500,013	\$ 280,481
Accounts receivable	212	658,475	660,997	-	1,319,684	25,347
Prepaid items	-	-	-	2,345	2,345	-
Due from other funds	-	246,130	-	-	246,130	-
Due from other governments	164,566	1,658,086	1,373,836	-	3,196,488	-
Inventory	-	-	60,744	-	60,744	-
Total current assets	<u>631,009</u>	<u>5,553,804</u>	<u>2,095,577</u>	<u>45,014</u>	<u>8,325,404</u>	<u>305,828</u>
Noncurrent assets						
Land	25,000	475,893	671,395	46,892	1,219,180	-
Construction in progress	-	983,717	983,717	-	1,967,434	-
Buildings and infrastructure	1,789,566	21,374,750	29,941,053	1,048,217	54,153,586	609,393
Machinery and equipment	556,024	588,319	3,834,413	308,542	5,287,298	-
Vehicles	680,596	-	-	-	680,596	2,262,253
Less accumulated depreciation	<u>(2,249,692)</u>	<u>(3,800,271)</u>	<u>(13,068,997)</u>	<u>(1,189,757)</u>	<u>(20,308,717)</u>	<u>(1,997,418)</u>
Total noncurrent assets	<u>801,494</u>	<u>19,622,408</u>	<u>22,361,581</u>	<u>213,894</u>	<u>42,999,377</u>	<u>874,228</u>
<b>Total assets</b>	<u>1,432,503</u>	<u>25,176,212</u>	<u>24,457,158</u>	<u>258,908</u>	<u>51,324,781</u>	<u>1,180,056</u>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	-	39,949	46,896	-	86,845	-
Deferred outflow pension related	<u>39,649</u>	<u>35,229</u>	<u>97,229</u>	<u>-</u>	<u>172,107</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>39,649</u>	<u>75,178</u>	<u>144,125</u>	<u>-</u>	<u>258,952</u>	<u>-</u>
<b>Liabilities</b>						
Accounts payable	17,061	2,814	19,586	11,971	51,432	4,148
Accrued liabilities	33,208	295,102	293,049	2,535	623,894	2,902
Due to other funds	-	-	246,130	-	246,130	-
Unearned revenue	5,837	-	-	-	5,837	-
Current portion of long-term debt	<u>-</u>	<u>539,650</u>	<u>689,900</u>	<u>-</u>	<u>1,229,550</u>	<u>-</u>
Total current liabilities	<u>56,106</u>	<u>837,566</u>	<u>1,248,665</u>	<u>14,506</u>	<u>2,156,843</u>	<u>7,050</u>
Long-term liabilities						
Compensated absences	48,909	10,779	34,554	-	94,242	11,145
Net pension liability	383,448	340,707	940,302	-	1,664,457	-
Bond premium	-	262,256	283,529	-	545,785	-
Bonds payable, net of current portion	<u>-</u>	<u>13,503,925</u>	<u>14,146,150</u>	<u>-</u>	<u>27,650,075</u>	<u>-</u>
Total long-term liabilities	<u>432,357</u>	<u>14,117,667</u>	<u>15,404,535</u>	<u>-</u>	<u>29,954,559</u>	<u>11,145</u>
<b>Total liabilities</b>	<u>488,463</u>	<u>14,955,233</u>	<u>16,653,200</u>	<u>14,506</u>	<u>32,111,402</u>	<u>18,195</u>
<b>Net position</b>						
Net investment in capital assets	801,494	6,690,413	8,615,838	213,894	16,321,639	874,228
Restricted for debt service	-	-	-	-	-	-
Unrestricted	<u>182,195</u>	<u>3,605,744</u>	<u>(667,755)</u>	<u>30,508</u>	<u>3,150,692</u>	<u>287,633</u>
<b>Total net position</b>	<u>\$ 983,689</u>	<u>\$ 10,296,157</u>	<u>\$ 7,948,083</u>	<u>\$ 244,402</u>	<u>\$ 19,472,331</u>	<u>\$ 1,161,861</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, 2019**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
<b>Operating revenue</b>						
Charges for services	\$ 78,052	\$ 3,609,489	\$ 2,366,520	\$ 277,287	\$ 6,331,348	\$ 449,854
Other	32,132	19,805	37,020	6,525	95,482	28,504
<b>Total operating revenue</b>	<u>110,184</u>	<u>3,629,294</u>	<u>2,403,540</u>	<u>283,812</u>	<u>6,426,830</u>	<u>478,358</u>
<b>Operating expense</b>						
Personnel services	334,511	54,316	181,747	77,072	647,646	78,305
Contractual services	139,220	2,321,877	477,514	101,892	3,040,503	52,675
Benefits	128,469	92,570	297,749	6,246	525,034	57,692
Materials and supplies	48,956	8,672	66,610	54,859	179,097	45,216
Utilities	24,730	-	110,798	32,824	168,352	18,376
Repair and maintenance	33,678	-	27,353	16,591	77,622	45,447
Equipment rentals	-	17,967	82,634	-	100,601	18,526
Depreciation	107,897	265,859	808,291	36,544	1,218,591	131,678
Miscellaneous	5,312	-	-	-	5,312	36
<b>Total operating expense</b>	<u>822,773</u>	<u>2,761,261</u>	<u>2,052,696</u>	<u>326,028</u>	<u>5,962,758</u>	<u>447,951</u>
Operating income (loss)	<u>(712,589)</u>	<u>868,033</u>	<u>350,844</u>	<u>(42,216)</u>	<u>464,072</u>	<u>30,407</u>
Non-operating revenue (expense)						
Federal grants	170,671	-	-	-	170,671	-
State grants	299,235	-	-	-	299,235	-
Property taxes	71,983	-	-	-	71,983	-
Proceeds on sale of capital assets	27,888	-	-	-	27,888	-
Interest income	465	27,596	23,962	-	52,023	237
Interest expense	-	(540,321)	(498,918)	-	(1,039,239)	-
<b>Total non-operating revenue (expense)</b>	<u>570,242</u>	<u>(512,725)</u>	<u>(474,956)</u>	<u>-</u>	<u>(417,439)</u>	<u>237</u>
Income (loss) before transfers	<u>(142,347)</u>	<u>355,308</u>	<u>(124,112)</u>	<u>(42,216)</u>	<u>46,633</u>	<u>30,644</u>
Transfers and other items						
Capital contributions - federal	134,214	-	-	-	134,214	-
Capital contributions - state	200,313	-	-	-	200,313	-
<b>Total transfers and other items</b>	<u>334,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,527</u>	<u>-</u>
Changes in net position	192,180	355,308	(124,112)	(42,216)	381,160	30,644
<b>Net position, beginning of year</b>	<u>791,509</u>	<u>9,940,849</u>	<u>8,072,195</u>	<u>286,618</u>	<u>19,091,171</u>	<u>1,131,217</u>
<b>Net position, end of year</b>	<u>\$ 983,689</u>	<u>\$ 10,296,157</u>	<u>\$ 7,948,083</u>	<u>\$ 244,402</u>	<u>\$ 19,472,331</u>	<u>\$ 1,161,861</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, 2019**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ (246,130)	\$ 246,130	\$ -	\$ -	\$ 474,935
Receipts from customers and users	117,132	3,609,838	2,338,339	283,812	6,349,121	-
Payments to employees	(437,173)	(36,539)	(369,742)	(83,209)	(926,663)	(137,797)
Operating grants	469,906	-	-	-	469,906	-
Payments to suppliers	(253,151)	(2,348,381)	(798,838)	(203,759)	(3,604,129)	(180,460)
<b>Net cash provided by (used in) operating activities</b>	<u>(103,286)</u>	<u>978,788</u>	<u>1,415,889</u>	<u>(3,156)</u>	<u>2,288,235</u>	<u>156,678</u>
<b>Cash flows from non-capital financing activities</b>						
Loan from (to) other funds	-	(8,338)	(8,338)	-	(16,676)	-
Property Taxes	71,983	-	-	-	71,983	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>71,983</u>	<u>(8,338)</u>	<u>(8,338)</u>	<u>-</u>	<u>55,307</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Interest paid	-	(561,838)	(523,643)	-	(1,085,481)	-
Deposits/loans with other governments	-	1,124,049	1,153,392	-	2,277,441	-
Capital grants	339,873	-	-	-	339,873	-
Principal paid on debt	-	(527,950)	(676,600)	-	(1,204,550)	-
Proceeds from sale of capital assets	27,889	-	-	-	27,889	-
Net loss on disposal of capital assets	-	-	-	-	-	11,101
Acquisitions of capital assets	(329,032)	(1,481,396)	(1,481,397)	(4,700)	(3,296,525)	(117,166)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>38,730</u>	<u>(1,447,135)</u>	<u>(1,528,248)</u>	<u>(4,700)</u>	<u>(2,941,353)</u>	<u>(106,065)</u>
<b>Cash flows from investing activities</b>						
Interest received	465	27,596	23,962	-	52,023	237
Net increase (decrease) in cash and pooled investments	7,892	(449,089)	(96,735)	(7,856)	(545,788)	50,850
<b>Cash and pooled investments, beginning of year</b>	<u>458,339</u>	<u>3,440,202</u>	<u>96,735</u>	<u>50,525</u>	<u>4,045,801</u>	<u>229,631</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 466,231</u>	<u>\$ 2,991,113</u>	<u>\$ -</u>	<u>\$ 42,669</u>	<u>\$ 3,500,013</u>	<u>\$ 280,481</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ (712,589)	\$ 868,033	\$ 350,844	\$ (42,216)	\$ 464,072	\$ 30,407
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	107,897	265,859	808,291	36,544	1,218,591	131,678
Net pension liability	34,467	55,983	180,299	-	270,749	-
Deferred outflows for pensions	(19,778)	(19,017)	(53,955)	-	(92,750)	-
Operating grants	469,906	-	-	-	469,906	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	1,349	(19,456)	(65,201)	-	(83,308)	(3,423)
Due from other funds	-	-	246,130	-	246,130	-
Prepaid items	-	-	-	4,020	4,020	-
Inventory	-	-	(15,170)	-	(15,170)	-
Accounts payable	(1,255)	135	(18,759)	(1,613)	(21,492)	(184)
Due to other funds	-	(246,130)	-	-	(246,130)	-
Accrued liabilities	10,204	73,235	(18,677)	109	64,871	345
Compensated absences	914	146	2,087	-	3,147	(2,145)
Unearned revenue	5,599	-	-	-	5,599	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (103,286)</u>	<u>\$ 978,788</u>	<u>\$ 1,415,889</u>	<u>\$ (3,156)</u>	<u>\$ 2,288,235</u>	<u>\$ 156,678</u>

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

**CITY OF IONIA**  
**AGENCY FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2019**

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	<b>Agency Fund</b>
<b>Assets</b>	
Cash and pooled investments	\$ _____ -
<b>Total assets</b>	<u>\$ _____ -</u>
<b>Liabilities</b>	
Accounts payable	\$ _____ -
<b>Total liabilities</b>	<u>\$ _____ -</u>

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

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# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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### 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 is a capital asset financing mechanism which provides services to the City exclusively. The Building Authority governing body consists of individuals that are appointed by the City's Council. The City Council approves the Authority's budget and has the ability to significantly influence operations of the Authority. The Building Authority 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. 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. 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 Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfield's 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 Brownfield Redevelopment Authority and has the ability to significantly influence operations of the Brownfield Redevelopment Authority. Financial statements are not separately issued for the Authority.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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### *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, 2018, the City paid \$1,886,874 to cover the City’s and Townships’ share of operational costs and \$33,625 to cover the City’s and Townships’ share of principal and interest portions of long-term debt issued by the County for the benefit of the IRUA.

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 of operating costs and the capital asset reserve are based on annual participant usage. Funding percentages were as follows:

City of Ionia	86.51%
Berlin Township	5.40%
Easton Township	2.30%
Ionia Township	5.79%

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, 2019 are available at City Hall. The following financial information is a summary of the activity for the year ended June 30, 2019:

Total assets	\$9,678,911
Total liabilities	261,501
Total net position	9,417,410
Total operating revenue	2,299,261
Total nonoperating revenues	34,437
Total operating expenses	2,330,213
Total nonoperating expenses	2,719
Change in net position	766

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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### **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, except for agency funds which do not have a measurement focus. 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 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, 2019

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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 *Local Streets Fund* accounts for the use of motor fuel taxes and trunkline maintenance funds, which are earmarked by State statute for local street improvement purposes.

The *Public Safety Vehicle Fund* is used to accumulate and disperse funds for acquisition of public safety vehicles.

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 Funds* are 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, 2019

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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 *Agency 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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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- 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.
- 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. Uncollectible balances are immaterial to the financial statements.

#### **Due to and Due from Other 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.

#### **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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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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

#### ***Unearned Revenue***

*Unearned revenue* is reported in connection with payments received that have not yet been earned.

#### ***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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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### ***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.

### ***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 no items that qualify for reporting in this category.

### ***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. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable 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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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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 policy requires the General Fund budget to be prepared and activities managed to result in an ending unassigned fund balance of at least 10% of adopted 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.

#### ***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:

<b>Governmental Activities</b>	\$(8,286,299)
<b>Component Units</b>	
Downtown Development Authority	(143,576)
<b>Proprietary Funds</b>	
Water Fund	(667,755)

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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#### 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, 2019, the City incurred no expenditures in budgetary funds which were in excess of the amounts appropriated.

#### 4. CASH AND POOLED INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$5,992,985	\$367,919	\$ -	\$6,360,904

Cash and pooled investments consist of the following at June 30, 2019:

Deposits and certificates of deposit	\$4,808,261
MBIA Michigan Class investment pool	<u>1,552,643</u>
Total	<u>\$6,360,904</u>

The City also holds investments within its pool for the Ionia Regional Utilities Authority (IRUA) of \$814,672 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, \$1,001,498 of the City's bank balance of \$5,593,945 was insured, \$1,500,000 was collateralized by securities held by the pledging financial institution and \$3,092,447 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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#### **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:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MBIA Michigan Class	N/A	\$1,552,643	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.

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 MBIA Michigan Class is valued using a pricing model utilizing 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.

At June 30, 2019 the balance of the MBIA Michigan Class investment pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Commercial paper	91.29%	Not applicable
Collateralized bank deposits	1.42%	Not applicable
Money market funds	1.90%	Not applicable
U.S. Treasury Securities	2.46%	Not applicable
Repurchase agreements	2.93%	Not applicable

*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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

*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 mutual 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, 2019 are as follows:

	<u>Transfers in</u>			<u>Total</u>
	<u>Local Streets Fund</u>	<u>Public Safety Vehicles Fund</u>	<u>Other Governmental Funds</u>	
<u>Transfers out</u>				
General Fund	\$225,000	\$865,000	\$535,000	\$1,625,000
Other Governmental Funds	370,000	-	-	370,000
<b>Total</b>	<b>\$595,000</b>	<b>\$865,000</b>	<b>\$535,000</b>	<b>\$1,995,000</b>

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, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool'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 a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under the Public Act 317 of 1969, as amended. In the event the pool's claims and expenses exceed the total normal annual premiums for said years, all members of the specific pool'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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2019**

### 7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 754,633	\$ -	\$ -	\$ 754,633
Construction in progress	113,056	215,034	71,042	257,048
Total capital assets, not being depreciated	<u>867,689</u>	<u>215,034</u>	<u>71,042</u>	<u>1,011,681</u>
<b>Capital assets, being depreciated</b>				
Buildings	2,176,165	87,447	2,909	2,260,703
Furniture and equipment and Improvements	4,901,806	707,008	234,795	5,374,019
Motor vehicles	4,775,820	1,147,916	179,982	5,743,754
Infrastructure	14,112,783	680,993	-	14,793,776
Total capital assets, being depreciated	<u>25,966,574</u>	<u>2,623,364</u>	<u>417,686</u>	<u>28,172,252</u>
Less accumulated depreciation for				
Buildings	1,123,944	68,911	2,909	1,189,946
Furniture and equipment and Improvements	3,574,568	123,030	234,795	3,462,803
Motor vehicles	3,674,334	193,769	168,880	3,699,223
Infrastructure	10,415,465	584,300	-	10,999,765
Total accumulated depreciation	<u>18,788,311</u>	<u>970,010</u>	<u>406,584</u>	<u>19,351,737</u>
<b>Net capital assets, being depreciated</b>	<u>7,178,263</u>	<u>1,653,354</u>	<u>11,102</u>	<u>8,820,515</u>
<b>Governmental Activities capital assets, net</b>	<b><u>\$8,045,952</u></b>	<b><u>\$1,868,388</u></b>	<b><u>\$82,144</u></b>	<b><u>\$9,832,196</u></b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 1,219,180	\$ -	\$ -	\$ 1,219,180
Construction in progress	1,176,796	1,922,410	1,131,772	1,967,434
Total capital assets, not being depreciated	<u>2,395,976</u>	<u>1,922,410</u>	<u>1,131,772</u>	<u>3,186,614</u>
<b>Capital assets being depreciated</b>				
Structures and improvements	51,981,431	2,172,155	-	54,153,586
Machinery, furniture, and equipment	5,285,758	4,700	3,160	5,287,298
Vehicles	576,980	329,032	225,416	680,596
Total capital assets, being depreciated	<u>57,844,169</u>	<u>2,505,887</u>	<u>228,576</u>	<u>60,121,480</u>
Less accumulated depreciation for				
Structures and improvements	14,363,126	1,033,763	-	15,396,889
Machinery, furniture, and equipment	4,439,626	127,023	3,160	4,563,489
Vehicles	515,946	57,805	225,416	348,339
Total accumulated depreciation	<u>19,318,702</u>	<u>1,218,591</u>	<u>228,576</u>	<u>20,308,717</u>
<b>Net capital assets, being depreciated</b>	<u>38,525,467</u>	<u>1,287,296</u>	<u>-</u>	<u>39,812,763</u>
<b>Business-type Activities capital assets, net</b>	<b><u>\$40,921,443</u></b>	<b><u>\$3,209,706</u></b>	<b><u>\$1,131,772</u></b>	<b><u>\$42,999,377</u></b>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2019**

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2019</u>
<b>Component Unit Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$387,256	\$ -	\$ -	\$387,256
<b>Net capital assets, being depreciated</b>				
Machinery, furniture, and equipment	5,500	-	-	5,500
Accumulated depreciation	(5,500)	-	-	(5,500)
<b>Component Unit capital assets, net</b>	<b>\$387,256</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$387,256</b>

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

<b>Governmental Activities</b>	
General government	\$ 50,534
Public safety	86,148
Public works and streets	584,300
Culture and recreation	117,350
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	131,678
<b>Total depreciation expense - governmental activities</b>	<b>\$970,010</b>
<b>Business-type Activities</b>	
Dial-a-Ride	\$ 107,897
Sewer	265,859
Water	808,291
Theatre (nonmajor)	36,544
<b>Total depreciation expense - business- type activities</b>	<b>\$1,218,591</b>

### 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 accessing the MERS website at [www.mersofmich.com](http://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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2018):

Active plan members	44
Inactive employees entitled but not yet receiving benefits	8
Inactive employees or beneficiaries currently receiving benefits	<u>52</u>
Total	<u>104</u>

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was from 6.75% to 7.63% of annual covered payroll depending on position and classification. For divisions closed to new employees, the employer has monthly employer contributions of \$341 to \$33,371. 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2018 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 3.75% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.75%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retire mortality tables of a 50% Male and 50% Female blend of disabled retirees.

The actuarial assumptions used in the valuation were based on the results of the 2015 actuarial experience study.

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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

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	57.5%	6.27%	3.60%
Global Fixed Income	20.0%	3.43%	0.68%
Real Assets	12.5%	5.48%	0.69%
Diversifying Strategies	10.0%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			<u>8.00%</u>

**Discount rate.** The discount rate used to measure the total pension liability is 8% which did not change from 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.

#### Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a)-(b)</u>
Balance at December 31, 2017	\$22,280,709	\$11,201,943	\$11,078,766
Changes for the Year:			
Service cost	317,687	-	317,687
Interest	1,747,831	-	1,747,831
Change in benefits	-	-	-
Differences between expected and actual experience	(133,365)	-	(133,365)
Change in assumptions	-	-	-
Contributions: employer	-	1,268,701	(1,268,701)
Contributions: employee	-	3,406	(3,406)
Net investment income	-	(450,981)	450,981
Benefit payments, including refunds	(1,183,338)	(1,183,338)	-
Administrative expense	-	(21,922)	21,922
Other changes	-	-	-
Net changes	<u>748,815</u>	<u>(384,134)</u>	<u>1,132,949</u>
Balance at December 31, 2018	<u>\$23,029,524</u>	<u>\$10,817,809</u>	<u>\$12,211,715</u>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

#### 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 8%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount rate</b>	<b>1 % Increase</b>
Total pension liability	\$25,692,052	\$23,029,524	\$20,782,415
Fiduciary net position	10,817,809	10,817,809	10,817,809
Net pension liability	\$14,874,243	\$12,211,715	\$9,964,606

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

For the year ended June 30, 2019 the employer recognized pension expense of \$1,815,019. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ (88,242)	\$ -
Differences in assumptions	-	-
Excess (deficit) investment returns	819,394	-
Contributions subsequent to the Measurement date*	531,558	-
Total	\$1,262,710	\$ -

\* 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 2020.

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

2020	\$299,043
2021	30,287
2022	131,860
2023	269,962
2024	-
Thereafter	-
Total	\$731,152

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

#### 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.

#### 9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2019:

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2019</u>	Due Within <u>One Year</u>
<b>Governmental Activities</b>					
Accrued employee benefits	\$428,997	\$ -	\$32,237	\$396,760	\$ -
<b>Total Governmental Activities</b>	<b>\$428,997</b>	<b>\$ -</b>	<b>\$32,237</b>	<b>\$396,760</b>	<b>\$ -</b>
<b>Business-type Activities</b>					
* \$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.	\$6,025,000	\$ -	\$125,000	\$5,900,000	\$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.	7,385,000	-	390,000	6,995,000	410,000
* \$1,500,000 2008 Water and Sewer Improvement Bonds. Payments due in annual installments of \$25,000 to \$100,000 beginning August 1, 2011 through August 1, 2033; interest at 3.75% to 5.00%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$725,000 and \$725,000, respectively.	1,275,000	-	50,000	1,225,000	50,000
* \$2,250,000 2009 Water and Sewer Improvement Bonds. Payments due in annual installments of \$25,000 to \$100,000 beginning August 1, 2011 through August 1, 2033; interest at 4% to 6%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$1,087,500 and \$1,087,500, respectively.	1,925,000	-	50,000	1,875,000	50,000

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
* \$2,250,000 2010 Water and Sewer Improvement Bonds. Payments due in annual installment of \$50,000 to \$200,000 beginning August 1, 2012 through 2034; plus interest at 3% to 4.635%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$1,100,000 and \$1,100,000, respectively.	\$ 1,950,000	\$ -	\$ 50,000	\$ 1,900,000	\$ 50,000
* \$3,000,000 2011 Water and Sewer Improvement Bonds. Payments due in annual installment of \$50,000 to \$250,000 beginning August 1, 2012 through 2034; plus interest at 4% to 5%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$1,500,000 and \$1,500,000, respectively.	2,750,000	-	75,000	2,675,000	75,000
* \$2,605,000 2010 Water and Sewer Refunding Bonds. Payments due in annual installment of \$228,225 to \$259,550 beginning August 1, 2011 through 2020; plus interest at 2% to 4.25%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$1,500,000 and \$515,725, respectively.	774,175	-	259,550	514,625	259,550
* \$8,000,000 2017 Water and Sewer Improvement Bonds. Payments due in annual installment of \$205,000 to \$505,000 beginning August 1, 2018 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.	8,000,000	-	205,000	7,795,000	210,000
Subtotal long-term debt	30,084,175	-	1,204,550	28,879,625	1,229,550
Bond premiums	603,468	-	57,683	545,785	-
Accrued employee benefits	91,095	3,147	-	94,242	-
<b>Total Business-type Activities</b>	<b>30,778,738</b>	<b>3,147</b>	<b>1,262,233</b>	<b>29,519,652</b>	<b>1,229,550</b>
<b>Component Units</b>					
Accrued employee benefits	13,218	1,045	-	14,263	-
<b>Total Long-term Debt - Reporting Entity</b>	<b>\$31,220,953</b>	<b>\$4,192</b>	<b>\$1,294,470</b>	<b>\$29,930,675</b>	<b>\$1,229,550</b>

\*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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2019

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2019 are as follows:

Year Ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,229,550	\$ 1,027,525
2021	1,235,075	986,201
2022	1,160,000	945,807
2023	1,240,000	905,839
2024	1,280,000	863,250
2025-2029	7,345,000	3,582,114
2030-2034	7,605,000	2,187,303
2035-2039	5,830,000	821,364
2040-2044	1,955,000	82,232
<b>Total</b>	<b><u>\$28,879,625</u></b>	<b><u>\$11,401,635</u></b>

#### 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.

In the normal course of its operations the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions cannot be determined at this time. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

#### 11. CONCENTRATIONS

The City has a significant economic dependence on the State of Michigan that is a major employer and user of water and sewer services. The State of Michigan accounted for \$1,099,476 (30%) of wastewater sales and \$478,158 (20%) of water sales.

#### 12. COMMITMENTS

At year-end the City had construction commitments of approximately \$825,000 for various street and park projects.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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### 13. TAX ABATEMENTS

The City entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2019 the amount of abated taxes was not significant.

Public Act 381 of 1996, the Brownfield Redevelopment Financing Act, was adopted in the State of Michigan as a means to authorize municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing.

For the year ended June 30, 2019 the amount of abated taxes was not significant.

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, 2019 the amount of abated taxes was not significant.

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## **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, 2019**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 624,000	\$ 577,000	\$ 578,055	\$ 1,055
Income taxes	2,400,000	2,350,000	2,506,382	156,382
Intergovernmental revenues				
Federal	-	900	909	9
State	1,024,000	993,200	973,484	(19,716)
Licenses and permits	6,000	42,000	48,315	6,315
Charges for services	1,026,700	1,523,700	1,572,668	48,968
Fines	24,000	28,500	29,948	1,448
Interest	25,000	75,000	118,133	43,133
Donations	400	400	409	9
Miscellaneous	136,500	136,900	136,296	(604)
<b>Total revenues</b>	<b>5,266,600</b>	<b>5,727,600</b>	<b>5,964,599</b>	<b>236,999</b>
<b>Expenditures</b>				
Current				
General government	1,784,550	1,833,350	1,736,117	97,233
Public safety	2,586,125	2,589,125	2,555,916	33,209
Public works and streets	344,000	296,250	253,555	42,695
Health and welfare	39,500	40,000	39,830	170
Community and economic development	30,075	72,575	71,813	762
Culture and recreation	6,950	6,950	5,719	1,231
<b>Total expenditures</b>	<b>4,791,200</b>	<b>4,838,250</b>	<b>4,662,950</b>	<b>175,300</b>
<b>Revenues over (under) expenditures</b>	<b>475,400</b>	<b>889,350</b>	<b>1,301,649</b>	<b>412,299</b>
Other financing sources (uses)				
Transfers out	(690,000)	(1,625,000)	(1,625,000)	-
Net changes in fund balance	(214,600)	(735,650)	(323,351)	412,299
<b>Fund balance, beginning of year</b>	<b>1,301,612</b>	<b>1,301,612</b>	<b>1,301,612</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,087,012</b>	<b>\$ 565,962</b>	<b>\$ 978,261</b>	<b>\$ 412,299</b>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ 77,500	\$ 77,842	\$ 342
Intergovernmental revenues				
State	243,000	355,000	366,404	11,404
Miscellaneous	13,050	26,050	29,854	3,804
<b>Total revenues</b>	256,050	458,550	474,100	15,550
<b>Expenditures</b>				
Current				
Public works and streets	741,000	993,700	968,871	24,829
Revenues over (under) expenditures	(484,950)	(535,150)	(494,771)	40,379
Other financing sources (uses)				
Transfers in	450,000	595,000	595,000	-
Net changes in fund balance	(34,950)	59,850	100,229	40,379
<b>Fund balance, beginning of year</b>	223,686	223,686	223,686	-
<b>Fund balance, end of year</b>	\$ 188,736	\$ 283,536	\$ 323,915	\$ 40,379

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest and rents	50	50	173	123
<b>Total revenues</b>	45,050	45,050	45,173	123
<b>Expenditures</b>				
Current				
Public safety	1,002,000	1,002,000	1,001,532	468
Revenues over (under) expenditures	(956,950)	(956,950)	(956,359)	591
Other financing sources (uses)				
Transfers in	115,000	865,000	865,000	-
Net changes in fund balance	(841,950)	(91,950)	(91,359)	591
<b>Fund balance, beginning of year</b>	97,222	97,222	97,222	-
<b>Fund balance, end of year</b>	<u>\$ (744,728)</u>	<u>\$ 5,272</u>	<u>\$ 5,863</u>	<u>\$ 591</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 317,687	\$ 301,110	\$ 282,956	\$ 288,809	\$ 274,035
Interest	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	(133,365)	(161,614)	370,354	225,862	-
Changes in assumptions	-	-	-	966,819	-
Benefit payments including employee refunds	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Other	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>748,815</b>	<b>662,048</b>	<b>1,166,622</b>	<b>2,002,120</b>	<b>758,580</b>
<b>Total pension liability, beginning of year</b>	<b>22,280,709</b>	<b>21,618,661</b>	<b>20,452,039</b>	<b>18,449,919</b>	<b>17,691,339</b>
<b>Total pension liability, end of year</b>	<b>\$ 23,029,524</b>	<b>\$ 22,280,709</b>	<b>\$ 21,618,661</b>	<b>\$ 20,452,039</b>	<b>\$ 18,449,919</b>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 1,268,701	\$ 1,094,509	\$ 1,029,849	\$ 987,700	\$ 879,134
Contributions-employee	3,406	54,608	41,297	118,228	114,723
Net investment income	(450,981)	1,316,399	1,020,165	(136,006)	532,153
Benefit payments including employee refunds	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Administrative expense	(21,922)	(20,825)	(20,156)	(19,943)	(19,586)
Other	-	-	-	161	-
<b>Net change in plan fiduciary net position</b>	<b>(384,134)</b>	<b>1,272,590</b>	<b>980,608</b>	<b>(23,115)</b>	<b>559,202</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>11,201,943</b>	<b>9,929,353</b>	<b>8,948,745</b>	<b>8,971,860</b>	<b>8,412,658</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 10,817,809</b>	<b>\$ 11,201,943</b>	<b>\$ 9,929,353</b>	<b>\$ 8,948,745</b>	<b>\$ 8,971,860</b>
<b>Employer net pension liability</b>	<b>\$ 12,211,715</b>	<b>\$ 11,078,766</b>	<b>\$ 11,689,308</b>	<b>\$ 11,503,294</b>	<b>\$ 9,478,059</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>47%</b>	<b>50%</b>	<b>46%</b>	<b>44%</b>	<b>49%</b>
<b>Covered employee payroll</b>	<b>\$ 3,066,787</b>	<b>\$ 2,959,191</b>	<b>\$ 2,819,237</b>	<b>\$ 2,855,137</b>	<b>\$ 2,694,569</b>
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	<b>398%</b>	<b>374%</b>	<b>415%</b>	<b>403%</b>	<b>352%</b>

**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, 2019**

	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 1,067,363	\$ 981,460	\$ 865,744	\$ 881,073	\$ 834,973
Contributions in relation to the actuarially determined contribution	1,317,363	1,131,460	1,005,744	1,021,073	834,973
Contribution deficiency (excess)	\$ (250,000)	\$ (150,000)	\$ (140,000)	\$ (140,000)	\$ -
Covered employee payroll	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Contributions as a percentage of covered employee payroll	43%	38%	36%	36%	31%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 year for 2014)
Inflation	2.5% (3-4% for 2014)
Salary increases	3.75% (4.5% for 2014)
Investment rate of return	7.75% (8% for 2014)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male 2014 group annuity mortality table

**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, 2019**

<b>Expenditures</b>	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Current				
General government				
City Council	\$ 33,900	\$ 33,900	\$ 31,703	\$ 2,197
City Manager	335,300	335,300	322,715	12,585
Elections	8,200	9,800	8,799	1,001
Finance and administration	376,400	376,400	372,542	3,858
Income tax administration	102,100	102,100	100,129	1,971
Front office	209,700	212,800	208,565	4,235
Attorney	35,000	35,000	31,214	3,786
Assessor	44,500	48,100	47,801	299
Board of review	1,000	1,000	486	514
Data processing	130,000	150,500	104,972	45,528
Clerk	31,250	31,250	22,549	8,701
Building and grounds	243,200	258,200	254,034	4,166
Other offices	234,000	229,000	221,344	7,656
Cemetery	-	10,000	9,264	736
	<u>1,784,550</u>	<u>1,833,350</u>	<u>1,736,117</u>	<u>97,233</u>
Public safety				
Public safety	<u>2,586,125</u>	<u>2,589,125</u>	<u>2,555,916</u>	<u>33,209</u>
Public Works				
Street lights	94,000	103,250	100,955	2,295
Storm sewer	<u>250,000</u>	<u>193,000</u>	<u>152,600</u>	<u>40,400</u>
	<u>344,000</u>	<u>296,250</u>	<u>253,555</u>	<u>42,695</u>
Health and Welfare				
Ambulance	<u>39,500</u>	<u>40,000</u>	<u>39,830</u>	<u>170</u>
Community and economic development				
Planning and zoning	<u>30,075</u>	<u>72,575</u>	<u>71,813</u>	<u>762</u>
Culture and recreation				
Festivals and events	<u>6,950</u>	<u>6,950</u>	<u>5,719</u>	<u>1,231</u>
<b>Total expenditures</b>	<u>\$ 4,791,200</u>	<u>\$ 4,838,250</u>	<u>\$ 4,662,950</u>	<u>\$ 175,300</u>

**CITY OF IONIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2019**

	<b>Special Revenue</b>					
	<b>Major Streets</b>	<b>Solid Waste</b>	<b>Recreation</b>	<b>Drug Forfeiture</b>	<b>Public Safety Donations</b>	<b>Parks Facilities Improvements</b>
<b>Assets</b>						
Cash and pooled investments	\$ 226,607	\$ 38,423	\$ 115,911	\$ 6,031	\$ 10,003	\$ 114,159
Accounts receivable	151	76,000	-	-	-	-
Due from other governments	<u>123,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,870</u>
<b>Total assets</b>	<b><u>\$ 349,968</u></b>	<b><u>\$ 114,423</u></b>	<b><u>\$ 115,911</u></b>	<b><u>\$ 6,031</u></b>	<b><u>\$ 10,003</u></b>	<b><u>\$ 181,029</u></b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,145	\$ 22,317	\$ 5,042	\$ -	\$ -	\$ 2,950
Accrued liabilities	<u>5,902</u>	<u>463</u>	<u>8,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>7,047</u></b>	<b><u>22,780</u></b>	<b><u>13,546</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,950</u></b>
<b>Fund balances</b>						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Permanent fund spendable	-	-	-	-	-	-
Streets	342,921	-	-	-	-	-
Public safety	-	-	-	6,031	10,003	-
Solid waste	-	91,643	-	-	-	-
Recreation	-	-	-	-	-	178,079
Capital projects	-	-	-	-	-	-
Assigned						
Recreation	<u>-</u>	<u>-</u>	<u>102,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>342,921</u></b>	<b><u>91,643</u></b>	<b><u>102,365</u></b>	<b><u>6,031</u></b>	<b><u>10,003</u></b>	<b><u>178,079</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 349,968</u></b>	<b><u>\$ 114,423</u></b>	<b><u>\$ 115,911</u></b>	<b><u>\$ 6,031</u></b>	<b><u>\$ 10,003</u></b>	<b><u>\$ 181,029</u></b>

<b>Capital Projects</b>			<b>Permanent</b>		
<b>Sidewalk Program</b>	<b>Environmental Response</b>	<b>Rails to Trails Projects</b>	<b>Grant Projects</b>	<b>Cemetery Perpetual Care</b>	<b>Total</b>
\$ 8,350	\$ 181,282	\$ 194	\$ 593,671	\$ 5,301	\$ 1,299,932
-	-	-	-	-	76,151
-	-	-	-	-	190,080
<u>\$ 8,350</u>	<u>\$ 181,282</u>	<u>\$ 194</u>	<u>\$ 593,671</u>	<u>\$ 5,301</u>	<u>\$ 1,566,163</u>
\$ -	\$ -	\$ -	\$ 592,671	\$ -	\$ 624,125
-	-	-	-	-	14,869
-	-	-	592,671	-	638,994
-	-	-	-	5,200	5,200
-	-	-	-	101	101
-	-	-	-	-	342,921
-	-	-	-	-	16,034
-	-	-	-	-	91,643
-	-	-	-	-	178,079
8,350	181,282	194	1,000	-	190,826
-	-	-	-	-	102,365
<u>8,350</u>	<u>181,282</u>	<u>194</u>	<u>1,000</u>	<u>5,301</u>	<u>927,169</u>
<u>\$ 8,350</u>	<u>\$ 181,282</u>	<u>\$ 194</u>	<u>\$ 593,671</u>	<u>\$ 5,301</u>	<u>\$ 1,566,163</u>

**CITY OF IONIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Special Revenue</b>					
	<b>Major Streets</b>	<b>Solid Waste</b>	<b>Recreation</b>	<b>Drug Forfeiture</b>	<b>Public Safety Donations</b>	<b>Parks Facilities Improvements</b>
<b>Revenues</b>						
Taxes	\$ -	\$ 192,183	\$ -	\$ -	\$ -	\$ 96,087
Intergovernmental revenues						
State	707,998	-	-	-	-	285,040
Contributions from component units	90,000	-	-	-	-	-
Charges for services	-	253,999	84,773	-	-	-
Interest	287	141	95	3	7	215
Donations	-	-	-	-	5,321	-
Miscellaneous	16,646	11,356	5,980	3,739	-	-
<b>Total revenues</b>	<b>814,931</b>	<b>457,679</b>	<b>90,848</b>	<b>3,742</b>	<b>5,328</b>	<b>381,342</b>
<b>Expenditures</b>						
Current						
Public safety	-	-	-	1,081	-	-
Public works and streets	503,681	494,350	-	-	-	-
Culture and recreation	-	-	353,567	-	-	868,735
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>503,681</b>	<b>494,350</b>	<b>353,567</b>	<b>1,081</b>	<b>-</b>	<b>868,735</b>
Revenues over (under) expenditures	311,250	(36,671)	(262,719)	2,661	5,328	(487,393)
Other financing sources (uses)						
Transfers in	-	20,000	290,000	-	-	225,000
Transfers out	(370,000)	-	-	-	-	-
Total other financing sources (uses)	(370,000)	20,000	290,000	-	-	225,000
Net changes in fund balances	(58,750)	(16,671)	27,281	2,661	5,328	(262,393)
<b>Fund balances, beginning of year</b>	<b>401,671</b>	<b>108,314</b>	<b>75,084</b>	<b>3,370</b>	<b>4,675</b>	<b>440,472</b>
<b>Fund balances, end of year</b>	<b>\$ 342,921</b>	<b>\$ 91,643</b>	<b>\$ 102,365</b>	<b>\$ 6,031</b>	<b>\$ 10,003</b>	<b>\$ 178,079</b>

<b>Capital Projects</b>			<b>Permanent</b>		
<b>Sidewalk Program</b>	<b>Environmental Response</b>	<b>Rails to Trails Projects</b>	<b>Grant Projects</b>	<b>Cemetery Perpetual Care</b>	<b>Total</b>
\$ -	\$ 9,732	\$ -	\$ -	\$ -	\$ 298,002
-	-	-	-	-	993,038
-	-	-	-	-	90,000
-	-	-	-	-	338,772
8	185	-	-	101	1,042
-	-	-	-	-	5,321
-	-	-	-	5,200	42,921
<u>8</u>	<u>9,917</u>	<u>-</u>	<u>-</u>	<u>5,301</u>	<u>1,769,096</u>
-	-	-	-	-	1,081
-	-	-	-	-	998,031
-	-	-	-	-	1,222,302
<u>75</u>	<u>9,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,778</u>
<u>75</u>	<u>9,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,231,192</u>
<u>(67)</u>	<u>214</u>	<u>-</u>	<u>-</u>	<u>5,301</u>	<u>(462,096)</u>
-	-	-	-	-	535,000
-	-	-	-	-	(370,000)
-	-	-	-	-	165,000
(67)	214	-	-	5,301	(297,096)
<u>8,417</u>	<u>181,068</u>	<u>194</u>	<u>1,000</u>	<u>-</u>	<u>1,224,265</u>
\$ <u>8,350</u>	\$ <u>181,282</u>	\$ <u>194</u>	\$ <u>1,000</u>	\$ <u>5,301</u>	\$ <u>927,169</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 680,000	\$ 680,000	\$ 707,998	\$ 27,998
Contributions from component units	90,000	90,000	90,000	-
Interest and rents	100	100	287	187
Miscellaneous	13,000	13,000	16,646	3,646
<b>Total revenues</b>	783,100	783,100	814,931	31,831
<b>Expenditures</b>				
Current				
Public works and streets	567,750	546,250	503,681	42,569
Revenues over (under) expenditures	215,350	236,850	311,250	74,400
Other financing sources (uses)				
Transfers out	(325,000)	(370,000)	(370,000)	-
Net changes in fund balance	(109,650)	(133,150)	(58,750)	74,400
<b>Fund balance, beginning of year</b>	401,671	401,671	401,671	-
<b>Fund balance, end of year</b>	<u>\$ 292,021</u>	<u>\$ 268,521</u>	<u>\$ 342,921</u>	<u>\$ 74,400</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, 2019**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 165,000	\$ 192,000	\$ 192,183	\$ 183
Charges for services	245,500	245,500	253,999	8,499
Interest and rents	100	100	141	41
Miscellaneous	<u>11,000</u>	<u>11,000</u>	<u>11,356</u>	<u>356</u>
<b>Total revenues</b>	421,600	448,600	457,679	9,079
<b>Expenditures</b>				
Current				
Public works and streets	<u>480,100</u>	<u>494,800</u>	<u>494,350</u>	<u>450</u>
Revenues over (under) expenditures	(58,500)	(46,200)	(36,671)	9,529
Other financing sources (uses)				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net changes in fund balance	(38,500)	(26,200)	(16,671)	9,529
<b>Fund balance, beginning of year</b>	<u>108,314</u>	<u>108,314</u>	<u>108,314</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 69,814</u>	<u>\$ 82,114</u>	<u>\$ 91,643</u>	<u>\$ 9,529</u>

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 89,000	\$ 90,500	\$ 84,773	\$ (5,727)
Interest and rents	25	25	95	70
Donations	(75)	(75)	-	75
Miscellaneous	12,000	6,300	5,980	(320)
<b>Total revenues</b>	100,950	96,750	90,848	(5,902)
<b>Expenditures</b>				
Current				
Culture and recreation	370,925	369,075	353,567	15,508
Revenues over (under) expenditures	(269,975)	(272,325)	(262,719)	9,606
Other financing sources (uses)				
Transfers in	290,000	290,000	290,000	-
Net changes in fund balance	20,025	17,675	27,281	9,606
<b>Fund balance, beginning of year</b>	75,084	75,084	75,084	-
<b>Fund balance, end of year</b>	<u>\$ 95,109</u>	<u>\$ 92,759</u>	<u>\$ 102,365</u>	<u>\$ 9,606</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest and rents	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous	<u>1,450</u>	<u>3,550</u>	<u>3,739</u>	<u>189</u>
<b>Total revenues</b>	1,450	3,550	3,742	192
<b>Expenditures</b>				
Current				
Public safety	<u>1,100</u>	<u>1,100</u>	<u>1,081</u>	<u>19</u>
Revenues over (under) expenditures	<u>350</u>	<u>2,450</u>	<u>2,661</u>	<u>211</u>
Net changes in fund balance	350	2,450	2,661	211
<b>Fund balance, beginning of year</b>	<u>3,370</u>	<u>3,370</u>	<u>3,370</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,720</u>	<u>\$ 5,820</u>	<u>\$ 6,031</u>	<u>\$ 211</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest and rents	\$ -	\$ -	\$ 7	\$ 7
Donations	<u>2,400</u>	<u>5,300</u>	<u>5,321</u>	<u>21</u>
<b>Total revenues</b>	2,400	5,300	5,328	28
<b>Expenditures</b>				
Current				
Public safety	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Net changes in fund balance	(600)	2,300	5,328	3,028
<b>Fund balance, beginning of year</b>	<u>4,675</u>	<u>4,675</u>	<u>4,675</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,075</u>	<u>\$ 6,975</u>	<u>\$ 10,003</u>	<u>\$ 3,028</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 90,000	\$ 96,000	\$ 96,087	\$ 87
Intergovernmental revenues				
State	-	355,000	285,040	(69,960)
Interest and rents	100	100	215	115
Miscellaneous	355,000	-	-	-
<b>Total revenues</b>	445,100	451,100	381,342	(69,758)
<b>Expenditures</b>				
Current				
Culture and recreation	695,500	1,070,750	868,735	202,015
Revenues over (under) expenditures	(250,400)	(619,650)	(487,393)	132,257
Other financing sources (uses)				
Transfers in	140,000	225,000	225,000	-
Net changes in fund balance	(110,400)	(394,650)	(262,393)	132,257
<b>Fund balance, beginning of year</b>	440,472	440,472	440,472	-
<b>Fund balance, end of year</b>	<u>\$ 330,072</u>	<u>\$ 45,822</u>	<u>\$ 178,079</u>	<u>\$ 132,257</u>

**CITY OF IONIA**

**DOWNTOWN DEVELOPMENT AUTHORITY  
BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	<u>Governmental Fund Type</u>		<b>Statement of Net Position</b>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 61,545	\$ -	\$ 61,545
Accounts receivable	27	-	27
Capital assets			
Land	-	387,256	387,256
<b>Total assets</b>	<u>\$ 61,572</u>	<u>387,256</u>	<u>448,828</u>
<b>Deferred outflow pension related</b>	<u>-</u>	<u>21,087</u>	<u>21,087</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,634	-	5,634
Accrued liabilities	2,402	-	2,402
Noncurrent liabilities			
Compensated absences	-	14,263	14,263
Net pension liability	-	203,936	203,936
<b>Total liabilities</b>	8,036	218,199	<u>226,235</u>
<b>Fund balances</b>			
Unassigned	<u>53,536</u>	<u>(53,536)</u>	-
<b>Total liabilities and fund balances</b>	<u>\$ 61,572</u>		
<b>Net position (deficit)</b>			
Net investment in capital assets		387,256	387,256
Unrestricted (deficit)		<u>(164,663)</u>	<u>(143,576)</u>
<b>Total net position</b>		<u>\$ 222,593</u>	<u>\$ 243,680</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Revenues</b>			
Taxes	\$ 256,483	\$ -	\$ 256,483
Intergovernmental revenues			
Interest	108	-	108
Charges	2,533	-	2,533
Miscellaneous	18,443	-	18,443
<b>Total revenues</b>	<u>277,567</u>	<u>-</u>	<u>277,567</u>
<b>Expenditures/expenses</b>			
Current			
Personnel services	62,758	33,445	96,203
Contractual services	20,138	-	20,138
Benefits	35,071	-	35,071
Materials and supplies	32,075	-	32,075
Utilities	6,238	-	6,238
Promotion	21,111	-	21,111
Contributions to primary government	90,000	-	90,000
<b>Total expenditures/expenses</b>	<u>267,391</u>	<u>33,445</u>	<u>300,836</u>
Revenues over (under) expenditures/expenses	<u>10,176</u>	<u>33,445</u>	<u>(23,269)</u>
Net changes in fund balances	10,176	<u>(10,176)</u>	
Change in net position		23,269	(23,269)
<b>Fund balances/net position, beginning of year</b>	<u>43,360</u>		<u>266,949</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 53,536</u>		<u>\$ 243,680</u>

**CITY OF IONIA**

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

**JUNE 30, 2019**

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	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 152,699	\$ -	\$ 152,699
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	152,699	(152,699)	-
<b>Total liabilities and fund balances</b>	<u>\$ 152,699</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 152,699</u>	<u>\$ 152,699</u>

**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, 2019**

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Revenues</b>			
Taxes	\$ 34,768	\$ -	\$ 34,768
Interest	<u>152</u>	<u>-</u>	<u>152</u>
<b>Total revenues</b>	<u>34,920</u>	<u>-</u>	<u>34,920</u>
<b>Expenditures/expenses</b>			
Current			
Miscellaneous	<u>3,501</u>	<u>-</u>	<u>3,501</u>
Net changes in fund balances	31,419	(31,419)	
Change in net position		(31,419)	31,419
<b>Fund balances/net position, beginning of year</b>	<u>121,280</u>		<u>121,280</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 152,699</u>		<u>\$ 152,699</u>

**CITY OF IONIA**

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

**JUNE 30, 2019**

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	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ <u>153,675</u>	\$ <u>-</u>	\$ <u>153,675</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ <u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>153,675</u>	<u>(153,675)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	\$ <u>153,675</u>		
<b>Net position</b>			
Unrestricted		\$ <u>153,675</u>	\$ <u>153,675</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Activities</b>
<b>Revenues</b>			
Taxes	\$ 27,974	\$ -	\$ 27,974
Interest	153	-	153
	28,127	-	28,127
<b>Total revenues/expenses</b>	28,127	-	28,127
<b>Expenditures</b>			
Current			
Contractual	-	-	-
	-	-	-
Revenues over (under) expenditures/expenses	28,127	-	28,127
Net changes in fund balances	28,127	(28,127)	
Change in net position		(28,127)	28,127
<b>Fund balances/net position, beginning of year</b>	125,548		125,548
<b>Fund balances/net position, end of year</b>	\$ 153,675		\$ 153,675

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## **STATISTICAL SECTION**

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>7/1/18 to</u> <u>9/30/2018</u>	<u>10/1/18 to</u> <u>6/30/2019</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 11,805	\$ 48,641	\$ 60,446
Contract fares	619	4,035	4,654
JARC fares	2,677	8,852	11,529
Property tax levy	65,383	6,600	71,983
Local participation	5,250	15,750	21,000
Tower rental and central dispatch fees	2,709	9,845	12,554
Interest income	116	350	465
Sale of capital assets	-	27,888	27,888
<b>Total local revenues</b>	<u>\$ 88,559</u>	<u>\$ 121,961</u>	<u>\$ 210,519</u>

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>10/1/17 to</u> <u>6/30/2018</u>	<u>7/1/18 to</u> <u>9/30/2018</u>	<u>Total</u>
<b>Local revenue</b>			
Demand response (farebox)			
Regular service	\$ 49,692	\$ 11,805	\$ 61,497
Contract fares	4,463	619	5,082
JARC fares	11,083	2,677	13,760
Property tax levy	20,487	65,383	85,870
Local participation	14,625	5,250	19,875
Tower rental fees	11,094	2,709	13,803
Interest income	428	116	544
Sale of capital assets	-	-	-
<b>Total local revenues</b>	<u>\$ 111,872</u>	<u>\$ 88,559</u>	<u>\$ 200,431</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures			Prior Year's Expended	Award Amount Remaining
				Total	Federal	State		
U.S. Department of Transportation								
Passed through Michigan Department of Transportation								
Operating assistance - section 5311 - 2017 (PY accrual)	20.509	2017-0071/P1	\$ -	\$ (16,960)	\$ (16,960)	\$ -	\$ -	\$ 16,960
Operating assistance - section 5311 - 2017 (receipt)	20.509	2017-0071/P1	89,263	16,960	16,960	-	87,687	(15,384)
Operating assistance - section 5311 - 2018 (PY accrual)	20.509	2017-0071/P8	-	(44,471)	(44,471)	-	-	44,471
Operating assistance - section 5311 - 2018 (receipt)	20.509	2017-0071/P8	-	44,471	44,471	-	-	(44,471)
Operating assistance - section 5311 - 2018 (receipt)	20.509	2017-0071/P8	90,715	20,975	20,975	-	66,433	3,307
Operating assistance - section 5311 - 2019 (accrual)	20.509	2017-0071/P13	88,524	64,646	64,646	-	-	23,878
Operating assistance - section 5311 - 2018 JARC (PY accrual)	20.516	2017-0071/P6	-	(76,358)	(38,179)	(38,179)	-	76,358
Operating assistance - section 5311 - 2018 JARC (receipt)	20.516	2017-0071/P6	-	76,358	38,179	38,179	-	(76,358)
Operating assistance - section 5311 - 2018 JARC (receipt)	20.516	2017-0071/P6	168,500	42,016	21,008	21,008	117,576	8,908
Operating assistance - section 5311 - 2019 JARC (receipt)	20.516	2017-0071/P9	-	42,126	21,063	21,063	-	(42,126)
Operating assistance - section 5311 - 2019 JARC (accrual)	20.516	2017-0071/P9	168,500	78,558	39,279	39,279	-	89,942
RTAP funding	N/A	2018-2019	3,700	3,700	3,700	-	-	-
Capital grant - section 5311 - FY 2017 capital (receipt)	20.509	2017-0071/P4	177,551	166,988	133,591	33,397	-	10,563
Capital grant - section 5311 - FY 2017 capital (receipt)	20.509	2017-0071/P5	5,000	779	623	156	4,221	-
<b>Total passed through Michigan Department of Transportation</b>			<b>2,134,240</b>	<b>419,788</b>	<b>304,885</b>	<b>114,903</b>	<b>1,322,172</b>	<b>392,280</b>
Michigan Department of Transportation								
Operating assistance - Act 51 (receipt)	N/A	FY2018	207,056	46,460	-	46,460	155,295	5,301
Operating assistance - Act 51 (receipt)	N/A	FY2019	207,056	144,687	-	144,687	-	62,369
Operating assistance - Act 51 (accrual)	N/A	FY2019	-	10,608	-	10,608	-	(10,608)
Capital grant (receipt)	N/A	2017-0071/P10	169,575	166,760	-	166,760	-	2,815
Commission on Aging Contract (PY accrued)	N/A	2017-0071/P3	-	(5,377)	-	(5,377)	-	5,377
Commission on Aging Contract (PY accrued)	N/A	2017-0071/P7	-	(10,754)	-	(10,754)	-	10,754
Commission on Aging Contract (receipt)	N/A	2017-0071/P7	-	10,754	-	10,754	-	(10,754)
Commission on Aging Contract (receipt)	N/A	2017-0071/P7	21,507	5,377	-	5,377	16,130	-
Commission on Aging Contract (receipt)	N/A	2017-0071/P11	21,507	5,376	-	5,376	-	16,131
Commission on Aging Contract (accrual)	N/A	2017-0071/P11	-	10,754	-	10,754	-	(10,754)
<b>Total Operating Assistance</b>			<b>\$ 626,701</b>	<b>384,645</b>	<b>-</b>	<b>384,645</b>	<b>\$ 171,425</b>	<b>\$ 70,631</b>
<b>Total</b>				<b>\$ 804,433</b>	<b>\$ 304,885</b>	<b>\$ 499,548</b>	<b>\$ -</b>	

**CITY OF IONIA**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>7/1/18 to</u> <u>9/30/2018</u>	<u>10/1/18 to</u> <u>6/30/2019</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - FY18 (receipt)	\$ 46,460	\$ -	\$ 46,460
Formula operating assistance (Act 51) - FY19 (receipt)	-	144,687	144,687
Formula operating assistance (Act 51) - FY19 (accrual)	-	10,608	10,608
Commission on Aging contract 2017-0071/P3 (PY accrual)	(5,377)	-	(5,377)
Commission on Aging contract 2017-0071/P7 (PY accrual)	(10,754)	-	(10,754)
Commission on Aging contract 2017-0071/P7 (receipt)	10,754	5,377	16,131
Commission on Aging contract 2017-0071/P11 (receipt)	-	5,376	5,376
Commission on Aging contract 2017-0071/P11 (accrual)	-	10,754	10,754
Job access 2017-0071/P6 - 2018 (PY accrual)	(38,179)	-	(38,179)
Job access 2017-0071/P6 - 2018 (receipt)	38,179	21,008	59,187
Job access 2017-0071/P9 - 2019 (receipt)	-	21,063	21,063
Job access 2017-0071/P9 - 2019 (accrual)	-	39,279	39,279
	<hr/>	<hr/>	<hr/>
Total Michigan Department of Transportation	41,083	258,152	299,235
Federal grants			
Section 5311 grant 2017-0071/P1 - 2017 operating (PY accrual)	(16,960)	-	(16,960)
Section 5311 grant 2017-0071/P1 - 2017 operating (receipt)	16,960	-	16,960
Section 5311 grant 2017-0071/P8 - 2018 operating (PY accrual)	(44,471)	-	(44,471)
Section 5311 grant 2017-0071/P8 - 2018 operating (receipt)	44,471	-	44,471
Section 5311 grant 2017-0071/P8 - 2018 operating (receipt)	20,975	-	20,975
Section 5311 grant 2017-0071/P13 - 2019 operating (accrual)	-	64,646	64,646
Job access 2017-0071/P6 - 2018 (PY accrual)	(38,179)	-	(38,179)
Job access 2017-0071/P6 - 2018 (receipt)	38,179	21,008	59,187
Job access 2017-0071/P9 - 2019 (receipt)	-	21,063	21,063
Job access 2017-0071/P9 - 2019 (accrual)	-	39,279	39,279
RTAP (receipt)	-	3,700	3,700
	<hr/>	<hr/>	<hr/>
Total federal grants	20,975	149,696	170,671
<b>Total</b>	<u>\$ 62,058</u>	<u>\$ 407,848</u>	<u>\$ 469,906</u>

**CITY OF IONIA**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2B)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>10/1/17 to</u> <u>6/30/2018</u>	<u>7/1/18 to</u> <u>9/30/2018</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - FY18 (receipt)	\$ -	\$ 46,460	\$ 46,460
Formula operating assistance (Act 51) - FY18 (receipt)	155,295	-	155,295
Commission on Aging contract 2017-0071/P3 (PY accrual)	-	(5,377)	(5,377)
Commission on Aging contract 2017-0071/P7 (receipt)	5,377	-	5,377
Commission on Aging contract 2017-0071/P7 (PY accrual)	10,754	(10,754)	-
Commission on Aging contract 2017-0071/P7 (receipt)	-	10,754	10,754
Job access 2017-0071/P2 (receipt)	20,396	-	20,396
Job access 2017-0071/P6 (receipt)	20,609	-	20,609
Job access 2017-0071/P6 (accrual)	38,179	(38,179)	-
Job access 2017-0071/P6 (receipt)	-	38,179	38,179
	<u>-</u>	<u>-</u>	<u>-</u>
Total Michigan Department of Transportation	<u>250,610</u>	<u>41,083</u>	<u>291,693</u>
Federal grants			
Section 5311 grant 2017-0071/P1 - 2017 operating receipt (receipt)	17,287	-	17,287
Section 5311 grant 2017-0071/P1 - 2017 operating receipt (accrual)	16,960	(16,960)	-
Section 5311 grant 2017-0071/P1 - 2017 operating receipt (receipt)	-	16,960	16,960
Section 5311 grant 2017-0071/P8 - 2018 operating receipt (receipt)	21,962	-	21,962
Section 5311 grant 2017-0071/P8 - 2018 operating receipt (accrual)	44,471	(44,471)	-
Section 5311 grant 2017-0071/P8 - 2018 operating receipt (receipt)	-	44,471	44,471
Section 5311 grant 2017-0071/P8 - 2018 operating receipt (receipt)	-	20,975	20,975
RTAP funding receipts	943	-	943
Job access 2017-0071/P2 (receipt)	20,396	-	20,396
Job access 2017-0071/P6 (receipt)	20,609	-	20,609
Job access 2017-0071/P6 (accrual)	38,179	(38,179)	-
Job access 2017-0071/P6 (receipt)	-	38,179	38,179
	<u>-</u>	<u>38,179</u>	<u>38,179</u>
Total federal grants	<u>180,807</u>	<u>20,975</u>	<u>201,782</u>
<b>Total</b>	<u>\$ 431,417</u>	<u>\$ 62,058</u>	<u>\$ 493,475</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Total</u>
<b>Local revenue</b>	
Demand response (farebox)	
Regular service	\$ 61,497
School services	5,082
Property tax levy	85,870
Local participation	19,875
Tower rental and central dispatch fees	13,803
Interest income	544
Sale of capital assets	-
	-
<b>Total local revenues</b>	186,671
<b>State and Federal revenue</b>	
Michigan Department of Transportation	
Formula operating assistance (Act 51) - FY18	201,755
Total Michigan Department of Transportation	201,755
Federal grants	
Section 5311 grant 2012-1015/P1 - 2017 operating	34,247
Section 5311 grant 2017-0071/P8 - 2018 operating	87,408
RTAP funding receipts	943
Total federal grants	122,598
<b>Total</b>	<b>\$ 511,024</b>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Nonurban</u>	<u>JARC</u>	<u>Specialized Services</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 261,401	\$ 73,110	\$ -	\$ 334,511
Fringe benefits	61,867	16,650	-	78,517
Pension - defined contribution (457 plan)	3,120	880	-	4,000
Pension - defined benefit	39,090	6,862	-	45,952
Services				
Other services	80,526	63,172	21,507	165,205
Materials and supplies				
Fuel	30,036	8,435	-	38,471
Other materials and supplies	8,155	2,330	-	10,485
Casualty and liability costs				
Insurance	6,066	1,627	-	7,693
Utilities	20,830	3,900	-	24,730
Miscellaneous	5,160	152	-	5,312
Depreciation	<u>107,897</u>	<u>-</u>	<u>-</u>	<u>107,897</u>
<b>Total operating expenses</b>	<b><u>\$ 624,148</u></b>	<b><u>\$ 177,118</u></b>	<b><u>\$ 21,507</u></b>	<b><u>\$ 822,773</u></b>

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 items purchased with capital grants of \$5,497 are included in operating expenses above and are excluded for purposes of calculating operating reimbursements.

Pension cost incurred for the defined benefit retirement plan administered by MERS is calculated pursuant to the MERS GASB 68 implementation guide. The City does not have an OPEB plan.

Pension expense above is calculated as follows:

**Defined benefit plan**

Actuarially required contributions paid	\$ 31,263	
GASB 68/GASB 71 adjustments to pension expense	<u>14,689</u>	deducted as ineligible

**Defined benefit plan net pension expense** \$ 45,952 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, 2019**

<b>Expenses</b>	<b>Nonurban</b>			<b>Operating assistance - section 5311 - JARC 2017-0071/P6</b>		
	<b>7/1/18 to</b>	<b>10/1/18 to</b>	<b>Total</b>	<b>7/1/18 to</b>	<b>10/1/18 to</b>	<b>Total</b>
	<b>9/30/2018</b>	<b>6/30/2019</b>		<b>9/30/2018</b>	<b>6/30/2019</b>	
Labor	\$ 50,221	\$ 211,180	\$ 261,401	\$ 15,528	\$ -	\$ 15,528
Fringe benefits	8,574	53,293	61,867	2,422	-	2,422
Pension	5,692	36,518	42,210	1,654	-	1,654
Service	7,455	73,070	80,525	23,070	-	23,070
Materials and supplies	11,369	26,822	38,191	2,009	-	2,009
Casualty and liability costs	-	6,066	6,066	-	-	-
Utilities	5,298	15,532	20,830	454	-	454
Miscellaneous	922	4,238	5,160	10	-	10
Depreciation	18,749	89,148	107,897	-	-	-
<b>Total expenses</b>	<b>\$ 108,280</b>	<b>\$ 515,867</b>	<b>\$ 624,147</b>	<b>\$ 45,147</b>	<b>\$ -</b>	<b>\$ 45,147</b>

<b>Expenses</b>	<b>Operating assistance - section 5311 - JARC 2017-0071/P9</b>			<b>Specialized Services 2017-0071/P7</b>		
	<b>7/1/18 to</b>	<b>10/1/18 to</b>	<b>Total</b>	<b>7/1/18 to</b>	<b>10/1/18 to</b>	<b>Total</b>
	<b>9/30/2018</b>	<b>6/30/2019</b>		<b>9/30/2018</b>	<b>6/30/2019</b>	
Labor	\$ -	\$ 57,582	\$ 57,582	\$ -	\$ -	\$ -
Fringe benefits	-	14,228	14,228	-	-	-
Pension	-	6,088	6,088	-	-	-
Service	-	40,102	40,102	5,377	-	5,377
Materials and supplies	-	8,756	8,756	-	-	-
Casualty and liability costs	-	1,627	1,627	-	-	-
Utilities	-	3,446	3,446	-	-	-
Miscellaneous	-	142	142	-	-	-
Depreciation	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 131,971</b>	<b>\$ 131,971</b>	<b>\$ 5,377</b>	<b>\$ -</b>	<b>\$ 5,377</b>

<b>Expenses</b>	<b>Specialized Services 2017-0071/P11</b>		
	<b>7/1/18 to</b>	<b>10/1/18 to</b>	<b>Total</b>
	<b>9/30/2018</b>	<b>6/30/2019</b>	
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	-	16,131	16,131
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 16,131</b>	<b>\$ 16,131</b>

**CITY OF IONIA**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF OPERATING EXPENSES (3B)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Expenses</b>	<b>Nonurban</b>			<b>Operating assistance - section 5311 - JARC 2017-0071/P6</b>		
	<b>10/1/17 to</b>	<b>7/1/18 to</b>	<b>Total</b>	<b>10/1/17 to</b>	<b>7/1/18 to</b>	<b>Total</b>
	<b>6/30/2018</b>	<b>9/30/2018</b>		<b>6/30/2018</b>	<b>9/30/2018</b>	
Labor	\$ 202,067	\$ 50,221	\$ 252,288	\$ 56,335	\$ 15,528	\$ 71,863
Fringe benefits	52,434	8,574	61,008	16,236	2,422	18,658
Pension	17,903	5,692	23,595	3,848	1,654	5,502
Service	68,956	7,455	76,411	41,599	23,070	64,669
Materials and supplies	23,510	11,369	34,879	6,690	2,009	8,699
Casualty and liability costs	5,513	-	5,513	1,299	-	1,299
Utilities	17,751	5,298	23,049	2,586	454	3,040
Miscellaneous	1,732	922	2,654	66	10	76
Depreciation	72,995	18,749	91,744	-	-	-
<b>Total expenses</b>	<b>\$ 462,861</b>	<b>\$ 108,280</b>	<b>\$ 571,141</b>	<b>\$ 128,659</b>	<b>\$ 45,147</b>	<b>\$ 173,806</b>

<b>Expenses</b>	<b>Specialized Services 2017-0071/P7</b>		
	<b>10/1/17 to</b>	<b>7/1/18 to</b>	<b>Total</b>
	<b>6/30/2018</b>	<b>9/30/2018</b>	
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	16,131	5,377	21,508
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total expenses</b>	<b>\$ 16,131</b>	<b>\$ 5,377</b>	<b>\$ 21,508</b>

# CITY OF IONIA

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 183,774	\$ 12,040	\$ 56,474	\$ 252,288
Fringe benefits	53,781	1,117	9,156	64,054
Pension	-	-	20,549	20,549
Services				
Audit costs	-	-	3,350	3,350
Other services	14,683	24,257	34,121	73,061
Materials and supplies				
Fuel	29,508	-	2,590	32,098
Other materials and supplies	2,781	-	-	2,781
Insurance				
Liability	4,606	-	907	5,513
Other	-	-	-	-
Utilities	1,988	-	21,061	23,049
Miscellaneous	2,527	127	-	2,654
Depreciation	-	-	91,744	91,744
<b>Total operating expenses</b>	<u>\$ 293,648</u>	<u>\$ 37,541</u>	<u>\$ 239,952</u>	<u>571,141</u>
<b>Ineligible expenses</b>				
Ineligible depreciation	\$ -	\$ -	\$ 91,422	91,422
Expense associated with rentals	-	-	3,454	3,454
Ineligible defined benefit pension*	-	-	2,418	2,418
Ineligible portion of association dues	-	-	178	178
RTAP	-	-	943	943
<b>Total ineligible expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,415</u>	<u>98,415</u>
<b>Total eligible expenses</b>				<u>\$ 472,726</u>

\*The June 30, 2018 year end GASB 68 adjustment resulted in an increase to the pension expense of \$2,418.

**CITY OF IONIA**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 52,554	\$ 3,418	\$ 15,891	\$ 71,863
Fringe benefits	15,209	317	3,132	18,658
Pension		-	5,502	5,502
Services				
Audit costs	-	-	-	-
Other services	44,440	6,816	10,663	61,919
Materials and supplies				
Fuel	8,699	-	-	8,699
Other materials and supplies	1,345	35	1,370	2,750
Insurance				
Liability	1,299	-	-	1,299
Other	-	-	-	-
Utilities	573	-	2,467	3,040
Miscellaneous	76	-	-	76
Depreciation	-	-	-	-
<b>Total operating expenses</b>	<u>\$ 124,195</u>	<u>\$ 10,586</u>	<u>\$ 39,025</u>	<u>173,806</u>
<b>Ineligible expenses</b>				
JARC Farebox revenue	<u>13,760</u>	<u>-</u>	<u>-</u>	<u>13,760</u>
<b>Total ineligible expenses</b>	<u>\$ 13,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,760</u>
<b>Total eligible expenses</b>				<u>\$ 160,046</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**OPERATING ASSISTANCE CALCULATION (5)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Nonurban</u>
<b>State eligible expenses</b>	
Labor	\$ 252,288
Fringe benefits	61,008
Pension	23,595
Service	76,411
Materials and supplies	34,879
Casualty and liability costs	5,513
Utilities	23,049
Miscellaneous	2,654
Depreciation	<u>91,744</u>
<b>Total expenses</b>	<u>571,141</u>
<b>Less ineligible expenses</b>	
Depreciation	91,422
Expense associated with rentals	3,454
Ineligible defined benefit pension	2,418
Ineligible portion of association dues	178
Federal grants - RTAP	<u>943</u>
<b>Total ineligible expenses</b>	<u>98,415</u>
<b>State eligible expenses</b>	<u>\$ 472,726</u>
<b>State operating assistance - 40.2653%</b>	<u><u>\$ 190,345</u></u>
<b>Federal eligible expenses</b>	
State eligible expenses	\$ 472,726
Less additional federal ineligible expenses	
Audit costs	<u>3,350</u>
<b>Federal eligible expenses</b>	<u><u>\$ 469,376</u></u>
<b>Setion 5311 reimbursement - 18.5%</b>	<u><u>\$ 86,835</u></u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONFINANCIAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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<u>NONURBAN REGULAR SERVICE</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Vehicle miles	<u>108,887</u>	<u>3,667</u>	<u>-</u>	<u>112,554</u>
Vehicle hours	<u>9,227</u>	<u>378</u>	<u>-</u>	<u>9,605</u>
 <u>JOB ACCESS REVERSE COMMUTE (JARC)</u>				
Vehicle miles	<u>39,046</u>	<u>815</u>	<u>-</u>	<u>39,861</u>
Vehicle hours	<u>2,693</u>	<u>138</u>	<u>-</u>	<u>2,831</u>

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.

## **INTERNAL CONTROL AND COMPLIANCE**



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### **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**

October 23, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 23, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ionia, Michigan'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### **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.

*Wendyold Haefner LLC*