



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF IONIA

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INDEPENDENT AUDITORS' REPORT

October 27, 2020

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, 2020, 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 as of June 30, 2020, 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 41 through 43 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's basic financial statements. The combining and individual fund financial statements and schedules and Dial-A-Ride transit schedules 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 Dial-A-Ride Transit Schedules Section balances at June 30, 2020, are the responsibility of management and, except for the Schedule of Nonfinancial Information, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Dial-A-Ride transit schedules section balances at June 30, 2020, except for the Schedule of Nonfinancial Information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride Transit Schedules Section balances at other than June 30, 2020, and the Schedule of Nonfinancial Information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wredenold 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, 2020. 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 FY19-20 budget remained the same as the FY18-19 level, despite only modest increases in the total taxable value of the City.
- The City continues to invest in 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 fund which is considered to be a major fund.

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 \$24,295,804 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$3,580,484	\$3,473,426	\$ 7,640,103	\$ 8,079,274	\$11,220,587	\$11,552,700
Noncurrent assets	9,884,485	9,832,196	43,129,082	42,999,377	53,013,567	52,831,573
Total assets	13,464,969	13,305,622	50,769,185	51,078,651	64,234,154	64,384,273
Deferred outflows	1,166,123	1,068,516	246,267	258,952	1,412,390	1,327,468
Current and other liabilities	835,252	939,440	1,862,399	681,163	2,697,651	1,620,603
Noncurrent liabilities	9,915,138	10,740,082	28,397,523	31,184,109	38,312,661	41,924,191
Total liabilities	10,750,390	11,679,522	30,259,922	31,865,272	41,010,312	43,544,794
Deferred inflows	297,028	-	43,400	-	340,428	-
Net position						
Net investment in capital assets	9,884,485	9,832,196	14,997,810	16,321,639	24,882,295	26,153,835
Restricted	1,101,832	1,148,719	-	-	1,101,832	1,148,719
Unrestricted (deficit)	(7,402,643)	(8,286,299)	5,714,320	3,150,692	(1,688,323)	(5,135,607)
Total net position	\$3,583,674	\$2,694,616	\$20,712,130	\$19,472,331	\$24,295,804	\$22,166,947

Total net position for the City increased by \$2,128,857 from the prior year which is primarily due to the increase in charges for fire services.

Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues						
Charges for services	\$3,105,762	\$2,198,582	\$ 6,471,405	\$ 6,388,173	\$ 9,577,167	\$ 8,586,755
Operating grants and contributions	1,257,396	1,421,615	765,881	536,416	2,023,277	1,958,031
Capital grants and contributions	233,329	313,119	275,562	334,527	508,891	647,646
General revenues						
Property taxes	902,023	876,057	75,780	71,983	977,803	948,040
Income taxes	2,127,141	2,506,382	-	-	2,127,141	2,506,382
Other governmental sources	776,602	818,303	-	-	776,602	818,303
Interest	71,711	119,147	27,841	52,058	99,552	171,205
Other	1,500	-	-	-	1,500	-
Total revenues	8,475,464	8,253,205	7,616,469	7,383,157	16,091,933	15,636,362
Expenses						
General government	2,175,869	1,830,931	-	-	2,175,869	1,830,931
Public safety	2,761,408	2,797,259	-	-	2,761,408	2,797,259
Public works	2,145,426	2,120,989	-	-	2,145,426	2,120,989
Culture and recreation	503,703	534,673	-	-	503,703	534,673
Interest	-	-	-	-	-	-
Dial-a-Ride	-	-	857,216	822,773	857,216	822,773
Sewer	-	-	2,840,228	3,301,582	2,840,228	3,301,582
Water	-	-	2,384,993	2,551,614	2,384,993	2,551,614
Theatre	-	-	294,233	326,028	294,233	326,028
Total expenses	7,586,406	7,283,852	6,376,670	7,001,997	13,963,076	14,285,849
Increase (decrease) before transfers	889,058	969,353	1,239,799	381,160	2,128,857	1,350,513
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	889,058	969,353	1,239,799	381,160	2,128,857	1,350,513
Net position - beginning of year	2,694,616	1,725,263	19,472,331	19,091,171	22,166,947	20,816,434
Net position - end of year	\$3,583,674	\$2,694,616	\$20,712,130	\$19,472,331	\$24,295,804	\$22,166,947

Governmental Activities. During the year, the City invested \$2,761,408 or 36% of governmental activities expenses in Public Safety. Public Works, which includes major and local streets was \$2,145,426 or 28% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 36% of governmental activities expenses.

Business-type Activities. Business-type activities increased the City's net position by \$1,239,799, 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 \$2,531,748, an increase of \$296,540 in comparison with the prior year. Of the \$2,531,748, \$851,247 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 \$851,247. 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 15% of total General fund expenditures. The fund balance of the City's General fund increased by \$299,387 during the current fiscal year primarily as a result of increased charges for services.

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 \$5,714,320. The enterprise funds reported an increase in net position for the year of \$1,239,799. 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 General fund public works and streets due to the finalization of the SAW grant.
- Increased the General fund general government category for extra payment to MERS.

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, 2020, amounted to \$53,013,567 (net of accumulated depreciation). Significant additions were made due to continued investment in the City's streets, water and sewer infrastructure. The City's capital assets (net of depreciation) are summarized as follows:

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$ 759,533	\$ 1,219,180	\$ 1,978,713
Construction in progress	619,372	284,025	903,397
Buildings, equipment and Infrastructure	8,505,580	41,625,877	50,131,457
Total	\$9,884,485	\$43,129,082	\$53,013,567

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 \$39,547,736 summarized as follows:

Long-term Debt			
	Governmental Activities	Business-type Activities	Total
Accrued employee benefits	\$ 441,315	\$ 108,381	\$ 549,696
Net pension liability	9,473,823	1,384,267	10,858,090
Bond premium	-	489,875	489,875
Bonds payable	-	27,650,075	27,650,075
Total	\$9,915,138	\$29,632,598	\$39,547,736

The City made debt principal payments totaling \$1,229,550 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 2020-21 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 2020 to support 2020-21 was 9.000 mills, which is the same amount as FY 19-20.
- Water Utility charges were increased for FY 20-21. The water commodity charge increased from \$3.40 per 1,000 gallons to \$3.80 per 1,000 gallons. The water debt service charge increased from \$26.00/REU/quarter to \$28.00/REU/quarter. Sanitary sewer utility charges remained the same for FY 20-21 as FY 19-20.
- The City will review revenue projections early in their fiscal year due to COVID-19 pandemic to assure projections remain true.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF IONIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units		
	Governmental	Business-Type	Total	Downtown	Local	Brownfield
	Activities	Activities			Development	
				Authority	Authority	Authority
Assets						
Cash and pooled investments	\$ 2,757,696	\$ 5,848,920	\$ 8,606,616	\$ 51,609	\$ 191,336	\$ 203,513
Accounts receivable	522,199	1,330,578	1,852,777	24	-	-
Prepaid items	49,177	741	49,918	-	-	-
Due from other governments	251,412	396,719	648,131	-	-	-
Inventory	-	63,145	63,145	-	-	-
Noncurrent						
Land	759,533	1,219,180	1,978,713	387,256	-	-
Construction in progress	619,372	284,025	903,397	-	-	-
Depreciable capital assets, net	<u>8,505,580</u>	<u>41,625,877</u>	<u>50,131,457</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>13,464,969</u>	<u>50,769,185</u>	<u>64,234,154</u>	<u>438,889</u>	<u>191,336</u>	<u>203,513</u>
Deferred outflows of resources						
Deferred loss on refunding	-	75,880	75,880	-	-	-
Deferred outflows pension related	<u>1,166,123</u>	<u>170,387</u>	<u>1,336,510</u>	<u>34,269</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>1,166,123</u>	<u>246,267</u>	<u>1,412,390</u>	<u>34,269</u>	<u>-</u>	<u>-</u>
Liabilities						
Accounts payable	660,917	78,012	738,929	15,522	-	-
Accrued liabilities	174,335	518,628	692,963	2,847	-	-
Unearned revenue	-	30,684	30,684	-	-	-
Debt due within one year	-	1,235,075	1,235,075	-	-	-
Noncurrent liabilities						
Compensated absences	441,315	108,381	549,696	14,834	-	-
Net pension liability	9,473,823	1,384,267	10,858,090	278,413	-	-
Bond premium	-	489,875	489,875	-	-	-
Debt due in more than one year	<u>-</u>	<u>26,415,000</u>	<u>26,415,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,750,390</u>	<u>30,259,922</u>	<u>41,010,312</u>	<u>311,616</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Deferred inflows pension related	<u>297,028</u>	<u>43,400</u>	<u>340,428</u>	<u>8,729</u>	<u>-</u>	<u>-</u>
Net position						
Net investment in capital assets	9,884,485	14,997,810	24,882,295	387,256	-	-
Restricted for						
Cemetery	5,388	-	5,388	-	-	-
Capital improvements	165,138	-	165,138	-	-	-
Major streets	384,099	-	384,099	-	-	-
Local streets	281,605	-	281,605	-	-	-
Public safety	12,228	-	12,228	-	-	-
Solid waste	88,655	-	88,655	-	-	-
Recreation	164,719	-	164,719	-	-	-
Unrestricted (deficit)	<u>(7,402,643)</u>	<u>5,714,320</u>	<u>(1,688,323)</u>	<u>(234,443)</u>	<u>191,336</u>	<u>203,513</u>
Total net position	<u>\$ 3,583,674</u>	<u>\$ 20,712,130</u>	<u>\$ 24,295,804</u>	<u>\$ 152,813</u>	<u>\$ 191,336</u>	<u>\$ 203,513</u>

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

CITY OF IONIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 2,175,869	\$ 2,660,436	\$ 669	\$ -	\$ 485,236
Public safety	2,761,408	81,860	1,600	233,329	(2,444,619)
Public works and streets	2,145,426	310,604	1,158,362	-	(676,460)
Culture and recreation	503,703	52,862	96,765	-	(354,076)
Total governmental activities	7,586,406	3,105,762	1,257,396	233,329	(2,989,919)
Business-type activities					
Dial-a-Ride	857,216	69,245	558,411	275,562	46,002
Sewer	2,840,228	3,591,030	-	-	750,802
Water	2,384,993	2,618,118	-	-	233,125
Theatre	294,233	193,012	207,470	-	106,249
Total business-type activities	6,376,670	6,471,405	765,881	275,562	1,136,178
Total primary government	\$ 13,963,076	\$ 9,577,167	\$ 2,023,277	\$ 508,891	\$ (1,853,741)
Component units					
Downtown Development Authority	\$ 546,262	\$ 15,671	\$ 210,000	\$ -	\$ (320,591)
Local Development Finance Authority	3,145	-	-	-	(3,145)
Brownfield Redevelopment Authority	-	-	-	-	-
Total component units	\$ 549,407	\$ 15,671	\$ 210,000	\$ -	\$ (323,736)

(Continued)

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

CITY OF IONIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Primary Government			Component Units		
	Governmental	Business-type	Total	Downtown Development Authority	Local	Brownfield Redevelopment Authority
	Activities	Activities			Development Finance Authority	
Changes in net assets						
Net (expense) revenue	\$ (2,989,919)	\$ 1,136,178	\$ (1,853,741)	\$ (320,591)	\$ (3,145)	\$ -
General revenues						
Property taxes						
General operating	590,121	-	590,121	229,671	41,593	49,638
Restricted	311,902	75,780	387,682	-	-	-
Income taxes	2,127,141	-	2,127,141	-	-	-
State shared revenues - unrestricted	776,602	-	776,602	-	-	-
Interest	71,711	27,841	99,552	53	189	200
Miscellaneous	1,500	-	1,500	-	-	-
Total general revenues	<u>3,878,977</u>	<u>103,621</u>	<u>3,982,598</u>	<u>229,724</u>	<u>41,782</u>	<u>49,838</u>
Change in net position	889,058	1,239,799	2,128,857	(90,867)	38,637	49,838
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 3,583,674</u>	<u>\$ 20,712,130</u>	<u>\$ 24,295,804</u>	<u>\$ 152,813</u>	<u>\$ 191,336</u>	<u>\$ 203,513</u>

(Concluded)

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

CITY OF IONIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 1,029,958	\$ 1,527,223	\$ 2,557,181
Accounts receivable	419,863	78,926	498,789
Prepaid items	48,441	-	48,441
Due from other governments	111,243	140,169	251,412
Total assets	<u>\$ 1,609,505</u>	<u>\$ 1,746,318</u>	<u>\$ 3,355,823</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 175,543	\$ 478,045	\$ 653,588
Accrued liabilities	156,314	14,173	170,487
Total liabilities	<u>331,857</u>	<u>492,218</u>	<u>824,075</u>
Fund balances			
Nonspendable			
Permanent fund corpus	-	5,200	5,200
Prepaid items	48,441	-	48,441
Restricted			
Permanent fund spendable	-	188	188
Streets	-	665,704	665,704
Public safety	-	12,228	12,228
Solid waste	-	88,655	88,655
Recreation	-	164,719	164,719
Capital projects	-	165,138	165,138
Assigned			
Public safety	5,000	50,891	55,891
Recreation	-	101,377	101,377
Subsequent year expenditures	372,960	-	372,960
Unassigned	851,247	-	851,247
Total fund balances	<u>1,277,648</u>	<u>1,254,100</u>	<u>2,531,748</u>
Total liabilities and fund balances	<u>\$ 1,609,505</u>	<u>\$ 1,746,318</u>	<u>\$ 3,355,823</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, 2020

Fund balances - total governmental funds	\$ 2,531,748
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	759,533
Add - construction in progress	619,372
Add - capital assets (net of accumulated depreciation)	7,490,833
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	1,215,158
Certain liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(428,242)
Deduct - net pension liability	(9,473,823)
Deduct - deferred inflows related to pensions	(297,028)
Add - deferred outflows related to pensions	<u>1,166,123</u>
Net position of governmental activities	<u>\$ 3,583,674</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, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Property taxes	\$ 590,121	\$ 390,961	\$ 981,082
Income taxes	2,127,141	-	2,127,141
Intergovernmental revenues			
Federal	640	-	640
State	964,931	1,100,363	2,065,294
Local	-	45,000	45,000
Contributions from component units	-	75,000	75,000
Licenses and permits	24,275	-	24,275
Charges for services	2,476,717	311,662	2,788,379
Fines	16,427	-	16,427
Interest	71,097	1,050	72,147
Donations	39	1,687	1,726
Miscellaneous	224,863	53,490	278,353
Total revenues	<u>6,496,251</u>	<u>1,979,213</u>	<u>8,475,464</u>
Expenditures			
Current			
General government	2,544,501	-	2,544,501
Public safety	2,582,163	5,410	2,587,573
Public works and streets	282,940	1,695,406	1,978,346
Health and welfare	40,499	-	40,499
Community and economic development	59,703	-	59,703
Culture and recreation	7,058	715,192	722,250
Contribution to component unit	210,000	-	210,000
Capital outlay	-	36,052	36,052
Total expenditures	<u>5,726,864</u>	<u>2,452,060</u>	<u>8,178,924</u>
Revenues over (under) expenditures	<u>769,387</u>	<u>(472,847)</u>	<u>296,540</u>
Other financing sources (uses)			
Transfers in	-	745,000	745,000
Transfers out	(470,000)	(275,000)	(745,000)
Total other financing sources (uses)	<u>(470,000)</u>	<u>470,000</u>	<u>-</u>
Net changes in fund balances	299,387	(2,847)	296,540
Fund balances, beginning of year	<u>978,261</u>	<u>1,256,947</u>	<u>2,235,208</u>
Fund balances, end of year	<u>\$ 1,277,648</u>	<u>\$ 1,254,100</u>	<u>\$ 2,531,748</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, 2020

Net changes in fund balances - total governmental funds	\$ 296,540
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	847,239
Deduct - net book value of disposed assets	(5,701)
Deduct - depreciation expense	(929,768)
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	(42,627)
Deduct - increase in deferred inflows related to pensions	(297,028)
Add - increase in deferred outflows related to pensions	97,607
Add - decrease in net pension liability	869,499
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>53,297</u>
Change in net position of governmental activities	<u>\$ 889,058</u>

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

CITY OF IONIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
Assets						
Current assets						
Cash and pooled investments	\$ 537,564	\$ 4,335,441	\$ 929,987	\$ 45,928	\$ 5,848,920	\$ 200,515
Accounts receivable	4,924	641,047	684,607	-	1,330,578	23,410
Prepaid items	494	-	247	-	741	736
Due from other governments	92,445	299,935	4,339	-	396,719	-
Inventory	-	-	63,145	-	63,145	-
Total current assets	<u>635,427</u>	<u>5,276,423</u>	<u>1,682,325</u>	<u>45,928</u>	<u>7,640,103</u>	<u>224,661</u>
Noncurrent assets						
Land	25,000	475,893	671,395	46,892	1,219,180	-
Construction in progress	-	106,298	65,489	112,238	284,025	-
Buildings and infrastructure	1,789,566	22,900,563	31,224,003	1,048,217	56,962,349	609,393
Machinery and equipment	569,927	588,319	3,834,413	307,303	5,299,962	-
Vehicles	876,519	-	-	-	876,519	2,346,720
Less accumulated depreciation	<u>(2,328,649)</u>	<u>(4,083,274)</u>	<u>(13,902,523)</u>	<u>(1,198,507)</u>	<u>(21,512,953)</u>	<u>(1,941,366)</u>
Total noncurrent assets	<u>932,363</u>	<u>19,987,799</u>	<u>21,892,777</u>	<u>316,143</u>	<u>43,129,082</u>	<u>1,014,747</u>
Total assets	<u>1,567,790</u>	<u>25,264,222</u>	<u>23,575,102</u>	<u>362,071</u>	<u>50,769,185</u>	<u>1,239,408</u>
Deferred outflows of resources						
Deferred loss on refunding	-	34,905	40,975	-	75,880	-
Deferred outflows pension related	43,453	36,463	90,471	-	170,387	-
Total deferred outflows of resources	<u>43,453</u>	<u>71,368</u>	<u>131,446</u>	<u>-</u>	<u>246,267</u>	<u>-</u>
Liabilities						
Accounts payable	28,236	5,858	35,454	8,464	78,012	7,329
Accrued liabilities	18,894	210,335	286,457	2,942	518,628	3,848
Unearned revenue	30,684	-	-	-	30,684	-
Current portion of long-term debt	-	543,425	691,650	-	1,235,075	-
Total current liabilities	<u>77,814</u>	<u>759,618</u>	<u>1,013,561</u>	<u>11,406</u>	<u>1,862,399</u>	<u>11,177</u>
Long-term liabilities						
Compensated absences	63,395	11,219	33,767	-	108,381	13,073
Net pension liability	353,027	296,231	735,009	-	1,384,267	-
Bond premium	-	236,311	253,564	-	489,875	-
Bonds payable, net of current portion	-	12,960,500	13,454,500	-	26,415,000	-
Total long-term liabilities	<u>416,422</u>	<u>13,504,261</u>	<u>14,476,840</u>	<u>-</u>	<u>28,397,523</u>	<u>13,073</u>
Total liabilities	<u>494,236</u>	<u>14,263,879</u>	<u>15,490,401</u>	<u>11,406</u>	<u>30,259,922</u>	<u>24,250</u>
Deferred inflows of resources						
Deferred inflows pension related	11,068	9,288	23,044	-	43,400	-
Net position						
Net investment in capital assets	932,363	6,251,902	7,497,402	316,143	14,997,810	1,014,747
Restricted for debt service	-	-	-	-	-	-
Unrestricted	<u>173,576</u>	<u>4,810,521</u>	<u>695,701</u>	<u>34,522</u>	<u>5,714,320</u>	<u>200,411</u>
Total net position	<u>\$ 1,105,939</u>	<u>\$ 11,062,423</u>	<u>\$ 8,193,103</u>	<u>\$ 350,665</u>	<u>\$ 20,712,130</u>	<u>\$ 1,215,158</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, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
Operating revenue						
Charges for services	\$ 69,245	\$ 3,574,531	\$ 2,581,733	\$ 193,012	\$ 6,418,521	\$ 453,650
Other	37,903	16,499	36,385	7,635	98,422	29,979
Total operating revenue	<u>107,148</u>	<u>3,591,030</u>	<u>2,618,118</u>	<u>200,647</u>	<u>6,516,943</u>	<u>483,629</u>
Operating expense						
Personnel services	360,796	52,250	194,515	82,522	690,083	77,124
Contractual services	141,010	1,899,805	565,370	81,588	2,687,773	54,608
Benefits	92,746	21,429	(4,695)	6,666	116,146	56,257
Materials and supplies	40,804	16,395	108,043	40,530	205,772	39,221
Utilities	35,303	-	105,613	29,822	170,738	18,993
Repair and maintenance	39,400	-	15,586	15,505	70,491	29,367
Equipment rentals	-	54,093	81,355	-	135,448	11,313
Depreciation	143,362	283,003	833,526	37,600	1,297,491	142,594
Miscellaneous	3,795	-	-	-	3,795	1,028
Total operating expense	<u>857,216</u>	<u>2,326,975</u>	<u>1,899,313</u>	<u>294,233</u>	<u>5,377,737</u>	<u>430,505</u>
Operating income (loss)	<u>(750,068)</u>	<u>1,264,055</u>	<u>718,805</u>	<u>(93,586)</u>	<u>1,139,206</u>	<u>53,124</u>
Non-operating revenue (expense)						
Federal grants	196,901	-	-	-	196,901	-
State grants	316,682	-	-	-	316,682	-
Property taxes	75,780	-	-	-	75,780	-
Contributions from component units	-	-	-	199,849	199,849	-
Proceeds on sale of capital assets	6,925	-	-	-	6,925	-
Interest income	468	15,464	11,895	-	27,827	173
Interest expense	-	(513,253)	(485,680)	-	(998,933)	-
Total non-operating revenue (expense)	<u>596,756</u>	<u>(497,789)</u>	<u>(473,785)</u>	<u>199,849</u>	<u>(174,969)</u>	<u>173</u>
Income (loss) before transfers	<u>(153,312)</u>	<u>766,266</u>	<u>245,020</u>	<u>106,263</u>	<u>964,237</u>	<u>53,297</u>
Transfers and other items						
Capital contributions - federal	78,312	-	-	-	78,312	-
Capital contributions - state	197,250	-	-	-	197,250	-
Total transfers and other items	<u>275,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,562</u>	<u>-</u>
Changes in net position	122,250	766,266	245,020	106,263	1,239,799	53,297
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 1,105,939</u>	<u>\$ 11,062,423</u>	<u>\$ 8,193,103</u>	<u>\$ 350,665</u>	<u>\$ 20,712,130</u>	<u>\$ 1,215,158</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, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
						Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,566
Receipts from customers and users	127,283	3,608,458	2,594,508	200,647	6,530,896	-
Payments to employees	(476,527)	(194,428)	(372,690)	(88,781)	(1,132,426)	(130,507)
Operating grants	513,583	-	-	199,849	713,432	-
Payments to suppliers	(249,631)	(1,967,249)	(862,747)	(168,607)	(3,248,234)	(152,085)
Net cash provided by (used in) operating activities	<u>(85,292)</u>	<u>1,446,781</u>	<u>1,359,071</u>	<u>143,108</u>	<u>2,863,668</u>	<u>202,974</u>
Cash flows from non-capital financing activities						
Loan from (to) other funds	-	246,130	(246,130)	-	-	-
Property Taxes	75,780	-	-	-	75,780	-
Net cash provided by (used in) non-capital financing activities	<u>75,780</u>	<u>246,130</u>	<u>(246,130)</u>	<u>-</u>	<u>75,780</u>	<u>-</u>
Cash flows from capital and related financing activities						
Interest paid	-	(534,154)	(509,724)	-	(1,043,878)	-
Deposits/loans with other governments	-	1,358,151	1,369,497	-	2,727,648	-
Capital grants	347,683	-	-	-	347,683	-
Principal paid on debt	-	(539,650)	(689,900)	-	(1,229,550)	-
Proceeds from sale of capital assets	6,925	-	-	-	6,925	-
Net loss on disposal of capital assets	-	-	-	-	-	16,569
Acquisitions of capital assets	(274,231)	(648,394)	(364,722)	(139,849)	(1,427,196)	(299,682)
Net cash provided by (used in) capital and related financing activities	<u>80,377</u>	<u>(364,047)</u>	<u>(194,849)</u>	<u>(139,849)</u>	<u>(618,368)</u>	<u>(283,113)</u>
Cash flows from investing activities						
Interest received	468	15,464	11,895	-	27,827	173
Net increase (decrease) in cash and pooled investments	71,333	1,344,328	929,987	3,259	2,348,907	(79,966)
Cash and pooled investments, beginning of year	<u>466,231</u>	<u>2,991,113</u>	<u>-</u>	<u>42,669</u>	<u>3,500,013</u>	<u>280,481</u>
Cash and pooled investments, end of year	<u>\$ 537,564</u>	<u>\$ 4,335,441</u>	<u>\$ 929,987</u>	<u>\$ 45,928</u>	<u>\$ 5,848,920</u>	<u>\$ 200,515</u>
Cash flows from operating activities						
Operating income (loss)	\$ (750,068)	\$ 1,264,055	\$ 718,805	\$ (93,586)	\$ 1,139,206	\$ 53,124
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	143,362	283,003	833,526	37,600	1,297,491	142,594
Net pension liability	(30,421)	(44,476)	(205,293)	-	(280,190)	-
Deferred outflows for pensions	(3,804)	(1,234)	6,758	-	1,720	-
Deferred inflows for pensions	11,068	9,288	23,044	-	43,400	-
Operating grants	513,583	-	-	199,849	713,432	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(4,712)	17,428	(23,610)	-	(10,894)	1,937
Prepaid items	(494)	-	(247)	2,345	1,604	(736)
Inventory	-	-	(2,401)	-	(2,401)	-
Accounts payable	11,175	3,044	15,868	(3,507)	26,580	3,181
Accrued liabilities	(14,314)	(84,767)	(6,592)	407	(105,266)	946
Compensated absences	14,486	440	(787)	-	14,139	1,928
Unearned revenue	24,847	-	-	-	24,847	-
Net cash provided by (used in) operating activities	<u>\$ (85,292)</u>	<u>\$ 1,446,781</u>	<u>\$ 1,359,071</u>	<u>\$ 143,108</u>	<u>\$ 2,863,668</u>	<u>\$ 202,974</u>

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

CITY OF IONIA
AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2020

	Agency Fund
Assets	
Cash and pooled investments	\$ _____ -
Total assets	<u>\$ _____ -</u>
Liabilities	
Accounts payable	\$ _____ -
Total liabilities	<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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

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

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

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the City paid \$1,447,543 to cover the City's and Townships' share of operational costs and \$32,369 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 percentages for operating costs and the capital asset reserve are based on annual participant charges as follows:

City of Ionia	84.64%
Berlin Township	6.54%
Easton Township	4.31%
Ionia Township	4.52%

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, 2020 are available at City Hall. The following financial information is a summary of the activity for the year ended June 30, 2020:

Total assets	\$9,376,114
Total liabilities	203,474
Total net position	9,172,640
Total operating revenue	1,829,950
Total nonoperating revenues	33,307
Total operating expenses	2,106,595
Total nonoperating expenses	1,432
Change in net position	(244,770)

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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 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.

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Budgets and Budgetary Accounting

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

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

Cash and Pooled Investments

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

Investments

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

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

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

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

Due to 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.

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Long-Term Obligations

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

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

Accumulated Vacation and Sick

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

Pensions

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

Property Taxes

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

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Grants and Other Intergovernmental Revenues

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The City also has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 8.

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.
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. Fund balance in the General fund at June 30, 2020 was 21% of the current year's final amended adopted expenditures.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Interfund Transactions

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

2. DEFICIT FUND BALANCE/NET POSITION

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

Governmental Activities	\$(7,402,643)
Component Units	
Downtown Development Authority	(234,443)

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, 2020, 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>Total</u>
Cash and pooled investments	\$8,606,616	\$446,458	\$9,053,074

Cash and pooled investments consist of the following at June 30, 2020:

Deposits and certificates of deposit	\$6,875,826
Michigan Class investment pool	<u>2,177,248</u>
Total	<u>\$9,053,074</u>

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The City also holds investments within its pool for the Ionia Regional Utilities Authority (IRUA) of \$921,691 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, \$6,536,219 of the City's bank balance of \$7,786,219 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Michigan Class	N/A	\$2,177,248	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 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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020 the balance of the Michigan Class investment pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Commercial paper	78.72%	Not applicable
Collateralized bank deposits	5.42%	Not applicable
Money market funds	13.06%	Not applicable
U.S. Treasury Securities	2.08%	Not applicable
Repurchase agreements	.72%	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.

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

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

5. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2020 are as follows:

<u>Transfers out</u>	<u>Transfers in</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Fund	\$470,000
Nonmajor Governmental Funds	275,000
Total	<u>\$745,000</u>

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6. RISK MANAGEMENT

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

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

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

7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 754,633	\$ 4,900	\$ -	\$ 759,533
Construction in progress	257,048	599,582	237,258	619,372
Total capital assets, not being depreciated	1,011,681	604,482	237,258	1,378,905
Capital assets, being depreciated				
Buildings	2,260,703	9,430	19,000	2,251,133
Furniture and equipment and Improvements	5,374,019	430,238	15,866	5,788,391
Motor vehicles	5,743,754	340,029	966,987	5,116,796
Infrastructure	14,793,776	-	-	14,793,776
Total capital assets, being depreciated	28,172,252	779,697	1,001,853	27,950,096
Less accumulated depreciation for				
Buildings	1,189,946	72,342	13,299	1,248,989
Furniture and equipment and Improvements	3,462,803	151,183	15,866	3,598,120
Motor vehicles	3,699,223	267,177	950,418	3,015,982
Infrastructure	10,999,765	581,660	-	11,581,425
Total accumulated depreciation	19,351,737	1,072,362	979,583	19,444,516
Net capital assets, being depreciated	8,820,515	(292,665)	22,270	8,505,580
Governmental Activities capital assets, net	\$9,832,196	\$311,817	\$259,528	\$9,884,485

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Business-type Activities

Capital assets, not being depreciated				
Land	\$ 1,219,180	\$ -	\$ -	\$ 1,219,180
Construction in progress	1,967,434	265,951	1,949,360	284,025
Total capital assets, not being depreciated	3,186,614	265,951	1,949,360	1,503,205
Capital assets being depreciated				
Structures and improvements	54,153,586	2,808,763	-	56,962,349
Machinery, furniture, and equipment	5,287,298	41,514	28,850	5,299,962
Vehicles	680,596	260,328	64,405	876,519
Total capital assets, being depreciated	60,121,480	3,110,605	93,255	63,138,830
Less accumulated depreciation for				
Structures and improvements	15,396,889	1,072,088	-	16,468,977
Machinery, furniture, and equipment	4,563,489	117,718	28,850	4,652,357
Vehicles	348,339	107,685	64,405	391,619
Total accumulated depreciation	20,308,717	1,297,491	93,255	21,512,953
Net capital assets, being depreciated	39,812,763	1,813,114	-	41,625,877
Business-type Activities capital assets, net	\$42,999,377	\$2,079,065	\$1,949,360	\$43,129,082

Component Unit Activities

Capital assets, not being depreciated				
Land	\$387,256	\$ -	\$ -	\$387,256
Net capital assets, being depreciated				
Machinery, furniture, and equipment	5,500	-	-	5,500
Accumulated depreciation	(5,500)	-	-	(5,500)
Component Unit capital assets, net	\$387,256	\$ -	\$ -	\$387,256

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

Governmental Activities	
General government	\$ 55,138
Public safety	146,695
Public works and streets	581,660
Culture and recreation	146,275
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	142,594
Total depreciation expense - governmental activities	\$1,072,362
Business-type Activities	
Dial-a-Ride	\$ 143,362
Sewer	283,003
Water	833,526
Theatre (nonmajor)	37,600
Total depreciation expense - business- type activities	\$1,297,491

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN

Defined Benefit Traditional and Hybrid Plan

Plan Description

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

Benefits Provided

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

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2019):

Active plan members	45
Inactive employees entitled but not yet receiving benefits	9
Inactive employees or beneficiaries currently receiving benefits	<u>53</u>
Total	<u>107</u>

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 6.66% to 44.58% of annual covered payroll depending on position and classification. For divisions closed to new employees, the employer has monthly employer contributions of \$277 to \$35,345. 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.35%, 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 retiree 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 2020 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	7.75%	3.15%
Global Fixed Income	20.0%	3.75%	0.25%
Private Investments	20.0%	9.75%	1.45%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			<u>7.60%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.6% which was change from 8% in the prior year. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2018	\$23,029,524	\$10,817,809	\$12,211,715
Changes for the Year:			
Service cost	321,322	-	321,322
Interest	1,805,664	-	1,805,664
Change in benefits	-	-	-
Differences between expected and actual experience	(322,761)	-	(322,761)
Change in assumptions	802,100	-	802,100
Contributions: employer	-	2,221,413	(2,221,413)
Contributions: employee	-	3,602	(3,602)
Net investment income	-	1,482,005	(1,482,005)
Benefit payments, including refunds	(1,238,863)	(1,238,863)	-
Administrative expense	-	(25,483)	25,483
Other changes	-	-	-
Net changes	1,367,462	2,442,674	(1,075,212)
Balance at December 31, 2019	\$24,396,986	\$13,260,483	\$11,136,503

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.6%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.6%) or 1% higher (8.6%) than the current rate.

	1% Decrease	Current Discount rate	1 % Increase
Total pension liability	\$27,275,710	\$24,396,986	\$21,972,325
Fiduciary net position	13,260,483	13,260,483	13,260,483
Net pension liability	\$14,015,227	\$11,136,503	\$ 8,711,842

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

For the year ended June 30, 2020 the employer recognized pension expense of \$1,874,826. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$349,157
Differences in assumptions	76,672	-
Excess (deficit) investment returns	601,575	-
Contributions subsequent to the Measurement date*	692,532	-
Total	\$1,370,779	\$349,157

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

* 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:

2021	\$ 34,491
2022	136,064
2023	274,166
2024	(115,631)
2025	-
Thereafter	-
Total	\$329,090

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, 2020:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities					
Accrued employee benefits	\$396,760	\$76,111	\$31,556	\$441,315	\$ -
Total Governmental Activities	\$396,760	\$76,111	\$31,556	\$441,315	\$ -

Business-type Activities

* \$6,225,000 2015 General Obligation Water and Sewer Improvement Bonds. Payments due in annual installments of \$100,000 to \$500,000 through August 1, 2037; interest at 3.00% to 4.00%, payable semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$3,112,500 and \$3,112,500, respectively.

	\$ 5,900,000	\$ -	\$ 125,000	\$ 5,775,000	\$ 125,000
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* \$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.

	6,995,000	-	410,000	6,585,000	410,000
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CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
* \$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.	\$ 1,225,000	\$ -	\$ 50,000	\$ 1,175,000	\$ 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.	1,875,000	-	50,000	1,825,000	50,000
* \$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.	1,900,000	-	50,000	1,850,000	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.	2,675,000	-	75,000	2,600,000	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.	514,625	-	259,550	255,075	255,075

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

* \$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.

	\$ 7,795,000	\$ -	\$ 210,000	\$ 7,585,000	\$ 220,000
Subtotal long-term debt	28,879,625	-	1,229,550	27,650,075	1,235,075
Bond premiums	545,785	-	55,910	489,875	-
Accrued employee benefits	94,242	14,139	-	108,381	-
Total Business-type Activities	29,519,652	14,139	1,285,460	28,248,331	1,235,075
Component Units					
Accrued employee benefits	14,263	571	-	14,834	-
Total Long-term Debt - Reporting Entity	\$29,930,675	\$90,821	\$1,317,016	\$28,704,480	\$1,235,075

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

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2020 are as follows:

Year Ending <u>June 30</u>	Business-type Activities	
	Principal	Interest
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	1,405,000	817,412
2026-2030	7,545,000	3,321,471
2031-2035	7,390,000	1,884,994
2036-2040	5,405,000	616,636
2041-2045	990,000	32,500
Total	\$27,650,075	\$10,374,110

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 \$1,232,340 (34%) of wastewater sales and \$519,190 (20%) of water sales.

12. COMMITMENTS

At year-end the City had construction commitments of approximately \$2,677,738 for various street and park projects.

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, 2020 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, 2020 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, 2020 the amount of abated taxes was not significant.

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, 2020

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 583,000	\$ 587,000	\$ 590,121	\$ 3,121
Income taxes	2,400,000	2,300,000	2,127,141	(172,859)
Intergovernmental revenues				
Federal	-	-	640	640
State	799,000	987,500	964,931	(22,569)
Licenses and permits	4,500	24,000	24,275	275
Charges for services	1,031,000	2,471,000	2,476,717	5,717
Fines	24,000	17,300	16,427	(873)
Interest	60,000	60,000	71,097	11,097
Donations	50	50	39	(11)
Miscellaneous	141,750	223,600	224,863	1,263
Total revenues	5,043,300	6,670,450	6,496,251	(174,199)
Expenditures				
Current				
General government	1,639,450	2,646,750	2,544,501	102,249
Public safety	2,719,620	2,719,620	2,582,163	137,457
Public works and streets	94,000	290,000	282,940	7,060
Health and welfare	40,000	41,000	40,499	501
Community and economic development	32,575	66,825	59,703	7,122
Culture and recreation	7,150	7,150	7,058	92
Contribution to component unit	100,000	210,000	210,000	-
Total expenditures	4,632,795	5,981,345	5,726,864	254,481
Revenues over (under) expenditures	410,505	689,105	769,387	80,282
Other financing sources (uses)				
Transfers out	(410,000)	(470,000)	(470,000)	-
Total other financing sources (uses)	(410,000)	(470,000)	(470,000)	-
Net changes in fund balance	505	219,105	299,387	80,282
Fund balance, beginning of year	978,261	978,261	978,261	-
Fund balance, end of year	\$ 978,766	\$ 1,197,366	\$ 1,277,648	\$ 80,282

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2020

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 321,322	\$ 317,687	\$ 301,110	\$ 282,956	\$ 288,809	\$ 274,035
Interest	1,805,664	1,747,831	1,694,653	1,603,859	1,493,885	1,431,767
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(322,761)	(133,365)	(161,614)	370,354	225,862	-
Changes in assumptions	802,100	-	-	-	966,819	-
Benefit payments including employee refunds	(1,238,863)	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Other	-	-	-	-	-	-
Net change in total pension liability	1,367,462	748,815	662,048	1,166,622	2,002,120	758,580
Total pension liability, beginning of year	23,029,524	22,280,709	21,618,661	20,452,039	18,449,919	17,691,339
Total pension liability, end of year	<u>\$ 24,396,986</u>	<u>\$ 23,029,524</u>	<u>\$ 22,280,709</u>	<u>\$ 21,618,661</u>	<u>\$ 20,452,039</u>	<u>\$ 18,449,919</u>
Plan Fiduciary Net Position						
Contributions-employer	\$ 2,221,413	\$ 1,268,701	\$ 1,094,509	\$ 1,029,849	\$ 987,700	\$ 879,134
Contributions-employee	3,602	3,406	54,608	41,297	118,228	114,723
Net investment income	1,482,005	(450,981)	1,316,399	1,020,165	(136,006)	532,153
Benefit payments including employee refunds	(1,238,863)	(1,183,338)	(1,172,101)	(1,090,547)	(973,255)	(947,222)
Administrative expense	(25,483)	(21,922)	(20,825)	(20,156)	(19,943)	(19,586)
Other	-	-	-	-	161	-
Net change in plan fiduciary net position	2,442,674	(384,134)	1,272,590	980,608	(23,115)	559,202
Plan fiduciary net position, beginning of year	10,817,809	11,201,943	9,929,353	8,948,745	8,971,860	8,412,658
Plan fiduciary net position, end of year	<u>\$ 13,260,483</u>	<u>\$ 10,817,809</u>	<u>\$ 11,201,943</u>	<u>\$ 9,929,353</u>	<u>\$ 8,948,745</u>	<u>\$ 8,971,860</u>
Employer net pension liability	<u>\$ 11,136,503</u>	<u>\$ 12,211,715</u>	<u>\$ 11,078,766</u>	<u>\$ 11,689,308</u>	<u>\$ 11,503,294</u>	<u>\$ 9,478,059</u>
Plan fiduciary net position as a percentage of the total pension liability	54%	47%	50%	46%	44%	49%
Covered employee payroll	\$ 3,160,260	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Employer's net pension liability as a percentage of covered employee payroll	352%	398%	374%	415%	403%	352%

Notes to schedule:

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

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

CITY OF IONIA
PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 1,135,991	\$ 1,067,363	\$ 981,460	\$ 865,744	\$ 881,073	\$ 834,973
Contributions in relation to the actuarially determined contribution	<u>2,385,991</u>	<u>1,317,363</u>	<u>1,131,460</u>	<u>1,005,744</u>	<u>1,021,073</u>	<u>834,973</u>
Contribution deficiency (excess)	<u>\$ (1,250,000)</u>	<u>\$ (250,000)</u>	<u>\$ (150,000)</u>	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,160,260	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Contributions as a percentage of covered employee payroll	75%	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 smothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.35% (7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 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, 2020

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 34,500	\$ 34,500	\$ 30,983	\$ 3,517
City Manager	347,450	345,450	334,368	11,082
Elections	7,700	7,700	5,175	2,525
Finance and administration	412,900	419,450	418,110	1,340
Income tax administration	106,250	106,250	101,234	5,016
Front office	172,300	172,300	172,248	52
Attorney	35,000	35,000	28,498	6,502
Assessor	48,100	48,100	47,588	512
Board of review	1,000	1,000	475	525
Data processing	107,000	107,000	67,920	39,080
Clerk	31,250	33,000	30,286	2,714
Building and grounds	192,800	172,800	162,657	10,143
Other offices	133,800	1,133,800	1,119,840	13,960
Cemetery	9,400	30,400	25,119	5,281
	1,639,450	2,646,750	2,544,501	102,249
Public safety				
Public safety	2,719,620	2,719,620	2,582,163	137,457
Public Works				
Street lights	94,000	104,000	97,030	6,970
Storm sewer	-	186,000	185,910	90
	94,000	290,000	282,940	7,060
Health and Welfare				
Ambulance	40,000	41,000	40,499	501
Community and economic development				
Planning and zoning	32,575	66,825	59,703	7,122
Culture and recreation				
Festivals and events	7,150	7,150	7,058	92
Contribution to component unit	100,000	210,000	210,000	-
Total expenditures	\$ 4,632,795	\$ 5,981,345	\$ 5,726,864	\$ 254,481

CITY OF IONIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue					
	Major Streets	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations
Assets						
Cash and pooled investments	\$ 289,488	\$ 608,744	\$ 41,343	\$ 108,476	\$ 6,037	\$ 6,191
Accounts receivable	132	-	78,794	-	-	-
Due from other governments	<u>103,222</u>	<u>36,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 392,842</u>	<u>\$ 645,691</u>	<u>\$ 120,137</u>	<u>\$ 108,476</u>	<u>\$ 6,037</u>	<u>\$ 6,191</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 3,126	\$ 361,330	\$ 30,900	\$ 1,881	\$ -	\$ -
Accrued liabilities	<u>5,617</u>	<u>2,756</u>	<u>582</u>	<u>5,218</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,743</u>	<u>364,086</u>	<u>31,482</u>	<u>7,099</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Permanent fund spendable	-	-	-	-	-	-
Streets	384,099	281,605	-	-	-	-
Public safety	-	-	-	-	6,037	6,191
Solid waste	-	-	88,655	-	-	-
Recreation	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Public safety	-	-	-	-	-	-
Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,377</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>384,099</u>	<u>281,605</u>	<u>88,655</u>	<u>101,377</u>	<u>6,037</u>	<u>6,191</u>
Total liabilities and fund balances	<u>\$ 392,842</u>	<u>\$ 645,691</u>	<u>\$ 120,137</u>	<u>\$ 108,476</u>	<u>\$ 6,037</u>	<u>\$ 6,191</u>

Capital Projects							Permanent	
Public Safety Vehicle	Parks Facilities Improvements	Sidewalk Program	Environmental Response	Rails to Trails Projects	Grant Projects	Cemetery Perpetual Care	Total	
\$ 50,891	\$ 226,777	\$ 8,249	\$ 158,576	\$ 194	\$ 16,869	\$ 5,388	\$ 1,527,223	
-	-	-	-	-	-	-	78,926	
-	-	-	-	-	-	-	140,169	
<u>\$ 50,891</u>	<u>\$ 226,777</u>	<u>\$ 8,249</u>	<u>\$ 158,576</u>	<u>\$ 194</u>	<u>\$ 16,869</u>	<u>\$ 5,388</u>	<u>\$ 1,746,318</u>	
\$ -	\$ 62,058	\$ -	\$ 2,881	\$ -	\$ 15,869	\$ -	\$ 478,045	
-	-	-	-	-	-	-	14,173	
-	62,058	-	2,881	-	15,869	-	492,218	
-	-	-	-	-	-	5,200	5,200	
-	-	-	-	-	-	188	188	
-	-	-	-	-	-	-	665,704	
-	-	-	-	-	-	-	12,228	
-	-	-	-	-	-	-	88,655	
-	164,719	-	-	-	-	-	164,719	
-	-	8,249	155,695	194	1,000	-	165,138	
50,891	-	-	-	-	-	-	50,891	
-	-	-	-	-	-	-	101,377	
<u>50,891</u>	<u>164,719</u>	<u>8,249</u>	<u>155,695</u>	<u>194</u>	<u>1,000</u>	<u>5,388</u>	<u>1,254,100</u>	
<u>\$ 50,891</u>	<u>\$ 226,777</u>	<u>\$ 8,249</u>	<u>\$ 158,576</u>	<u>\$ 194</u>	<u>\$ 16,869</u>	<u>\$ 5,388</u>	<u>\$ 1,746,318</u>	

CITY OF IONIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue					
	Major Streets	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations
Revenues						
Taxes	\$ -	\$ 79,059	\$ 202,320	\$ -	\$ -	\$ -
Intergovernmental revenues						
State	739,581	264,722	-	-	-	-
Local	-	-	-	-	-	-
Contributions from component units	75,000	-	-	-	-	-
Charges for services	-	-	261,890	49,772	-	-
Interest	288	-	134	80	6	8
Donations	-	-	-	97	-	1,590
Miscellaneous	18,326	18,199	11,767	3,698	-	-
Total revenues	<u>833,195</u>	<u>361,980</u>	<u>476,111</u>	<u>53,647</u>	<u>6</u>	<u>1,598</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	5,410
Public works and streets	517,017	679,290	499,099	-	-	-
Culture and recreation	-	-	-	354,635	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>517,017</u>	<u>679,290</u>	<u>499,099</u>	<u>354,635</u>	<u>-</u>	<u>5,410</u>
Revenues over (under) expenditure	<u>316,178</u>	<u>(317,310)</u>	<u>(22,988)</u>	<u>(300,988)</u>	<u>6</u>	<u>(3,812)</u>
Other financing sources (uses)						
Transfers in	-	275,000	20,000	300,000	-	-
Transfers out	(275,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(275,000)</u>	<u>275,000</u>	<u>20,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	41,178	(42,310)	(2,988)	(988)	6	(3,812)
Fund balances, beginning of year	<u>342,921</u>	<u>323,915</u>	<u>91,643</u>	<u>102,365</u>	<u>6,031</u>	<u>10,003</u>
Fund balances, end of year	<u>\$ 384,099</u>	<u>\$ 281,605</u>	<u>\$ 88,655</u>	<u>\$ 101,377</u>	<u>\$ 6,037</u>	<u>\$ 6,191</u>

Capital Projects							Permanent	
Public Safety Vehicle	Parks Facilities Improvements	Sidewalk Program	Environmental Response	Rails to Trails Projects	Grant Projects	Cemetery Perpetual Care	Total	
\$ -	\$ 99,395	\$ -	\$ 10,187	\$ -	\$ -	\$ -	\$ 390,961	
-	96,060	-	-	-	-	-	1,100,363	
45,000	-	-	-	-	-	-	45,000	
-	-	-	-	-	-	-	75,000	
-	-	-	-	-	-	-	311,662	
28	242	9	168	-	-	87	1,050	
-	-	-	-	-	-	-	1,687	
-	1,500	-	-	-	-	-	53,490	
<u>45,028</u>	<u>197,197</u>	<u>9</u>	<u>10,355</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>1,979,213</u>	
-	-	-	-	-	-	-	5,410	
-	-	-	-	-	-	-	1,695,406	
-	360,557	-	-	-	-	-	715,192	
-	-	110	35,942	-	-	-	36,052	
-	360,557	110	35,942	-	-	-	2,452,060	
<u>45,028</u>	<u>(163,360)</u>	<u>(101)</u>	<u>(25,587)</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>(472,847)</u>	
-	150,000	-	-	-	-	-	745,000	
-	-	-	-	-	-	-	(275,000)	
-	150,000	-	-	-	-	-	470,000	
45,028	(13,360)	(101)	(25,587)	-	-	87	(2,847)	
<u>5,863</u>	<u>178,079</u>	<u>8,350</u>	<u>181,282</u>	<u>194</u>	<u>1,000</u>	<u>5,301</u>	<u>1,256,947</u>	
<u>\$ 50,891</u>	<u>\$ 164,719</u>	<u>\$ 8,249</u>	<u>\$ 155,695</u>	<u>\$ 194</u>	<u>\$ 1,000</u>	<u>\$ 5,388</u>	<u>\$ 1,254,100</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 741,000	\$ 700,000	\$ 739,581	\$ 39,581
Contributions from component units	90,000	75,000	75,000	-
Interest and rents	200	200	288	88
Miscellaneous	17,000	17,000	18,326	1,326
Total revenues	848,200	792,200	833,195	40,995
Expenditures				
Current				
Public works and streets	564,500	537,250	517,017	20,233
Revenues over (under) expenditures	283,700	254,950	316,178	61,228
Other financing sources (uses)				
Transfers out	(275,000)	(275,000)	(275,000)	-
Net changes in fund balance	8,700	(20,050)	41,178	61,228
Fund balance, beginning of year	342,921	342,921	342,921	-
Fund balance, end of year	<u>\$ 351,621</u>	<u>\$ 322,871</u>	<u>\$ 384,099</u>	<u>\$ 61,228</u>

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 105,000	\$ 78,000	\$ 79,059	\$ 1,059
Intergovernmental revenues				
State	265,000	265,000	264,722	(278)
Miscellaneous	<u>16,100</u>	<u>16,100</u>	<u>18,199</u>	<u>2,099</u>
Total revenues	386,100	359,100	361,980	2,880
Expenditures				
Current				
Public works and streets	<u>810,000</u>	<u>815,000</u>	<u>679,290</u>	<u>135,710</u>
Revenues over (under) expenditures	(423,900)	(455,900)	(317,310)	138,590
Other financing sources (uses)				
Transfers in	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Net changes in fund balance	(148,900)	(180,900)	(42,310)	138,590
Fund balance, beginning of year	<u>323,915</u>	<u>323,915</u>	<u>323,915</u>	<u>-</u>
Fund balance, end of year	<u>\$ 175,015</u>	<u>\$ 143,015</u>	<u>\$ 281,605</u>	<u>\$ 138,590</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 191,000	\$ 201,100	\$ 202,320	\$ 1,220
Charges for services	250,500	261,500	261,890	390
Interest and rents	150	150	134	(16)
Miscellaneous	12,000	12,000	11,767	(233)
Total revenues	453,650	474,750	476,111	1,361
Expenditures				
Current				
Public works and streets	473,600	530,600	499,099	31,501
Revenues over (under) expenditures	(19,950)	(55,850)	(22,988)	32,862
Other financing sources (uses)				
Transfers in	20,000	20,000	20,000	-
Net changes in fund balance	50	(35,850)	(2,988)	32,862
Fund balance, beginning of year	91,643	91,643	91,643	-
Fund balance, end of year	<u>\$ 91,693</u>	<u>\$ 55,793</u>	<u>\$ 88,655</u>	<u>\$ 32,862</u>

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 89,000	\$ 46,200	\$ 49,772	\$ 3,572
Interest and rents	50	50	80	30
Donations	-	-	97	97
Miscellaneous	4,000	3,750	3,698	(52)
Total revenues	93,050	50,000	53,647	3,647
Expenditures				
Current				
Culture and recreation	377,600	377,950	354,635	23,315
Revenues over (under) expenditures	(284,550)	(327,950)	(300,988)	26,962
Other financing sources (uses)				
Transfers in	240,000	300,000	300,000	-
Net changes in fund balance	(44,550)	(27,950)	(988)	26,962
Fund balance, beginning of year	102,365	102,365	102,365	-
Fund balance, end of year	<u>\$ 57,815</u>	<u>\$ 74,415</u>	<u>\$ 101,377</u>	<u>\$ 26,962</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 6	\$ 6
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	1,000	-	6	6
Expenditures				
Current				
Public safety	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	6	6
Fund balance, beginning of year	<u>6,031</u>	<u>6,031</u>	<u>6,031</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,031</u>	<u>\$ 6,031</u>	<u>\$ 6,037</u>	<u>\$ 6</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 8	\$ 8
Donations	<u>5,000</u>	<u>1,500</u>	<u>1,590</u>	<u>90</u>
Total revenues	5,000	1,500	1,598	98
Expenditures				
Current				
Public safety	<u>5,000</u>	<u>5,500</u>	<u>5,410</u>	<u>90</u>
Net changes in fund balance	-	(4,000)	(3,812)	188
Fund balance, beginning of year	<u>10,003</u>	<u>10,003</u>	<u>10,003</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,003</u>	<u>\$ 6,003</u>	<u>\$ 6,191</u>	<u>\$ 188</u>

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest and rents	75	75	28	(47)
Total revenues	45,075	45,075	45,028	(47)
Expenditures				
Current				
Public safety	-	-	-	-
Net changes in fund balance	45,075	45,075	45,028	(47)
Fund balance, beginning of year	5,863	5,863	5,863	-
Fund balance, end of year	<u>\$ 50,938</u>	<u>\$ 50,938</u>	<u>\$ 50,891</u>	<u>\$ (47)</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 95,000	\$ 99,000	\$ 99,395	\$ 395
Intergovernmental revenues				
State	1,000	96,000	96,060	60
Interest and rents	100	100	242	142
Miscellaneous	-	1,500	1,500	-
Total revenues	<u>96,100</u>	<u>196,600</u>	<u>197,197</u>	<u>597</u>
Expenditures				
Current				
Culture and recreation	<u>274,500</u>	<u>474,100</u>	<u>360,557</u>	<u>113,543</u>
Revenues over (under) expenditures	(178,400)	(277,500)	(163,360)	114,140
Other financing sources (uses)				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net changes in fund balance	(28,400)	(127,500)	(13,360)	114,140
Fund balance, beginning of year	<u>178,079</u>	<u>178,079</u>	<u>178,079</u>	<u>-</u>
Fund balance, end of year	<u>\$ 149,679</u>	<u>\$ 50,579</u>	<u>\$ 164,719</u>	<u>\$ 114,140</u>

CITY OF IONIA

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

JUNE 30, 2020

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 51,609	\$ -	\$ 51,609
Accounts receivable	24	-	24
Capital assets			
Land	-	387,256	387,256
Total assets	<u>\$ 51,633</u>	<u>387,256</u>	<u>438,889</u>
Deferred outflows pension related	-	34,269	34,269
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 15,522	-	15,522
Accrued liabilities	2,847	-	2,847
Noncurrent liabilities			
Compensated absences	-	14,834	14,834
Net pension liability	-	278,413	278,413
Total liabilities	18,369	293,247	311,616
Deferred inflows pension related	-	8,729	8,729
Fund balances			
Non-spendable			
Unassigned	33,264	(33,264)	-
Total liabilities and fund balances	<u>\$ 51,633</u>		
Net position (deficit)			
Net investment in capital assets		387,256	387,256
Unrestricted (deficit)		(234,443)	(234,443)
Total net position		<u>\$ 152,813</u>	<u>\$ 152,813</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, 2020

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	
Revenues			
Taxes	\$ 229,671	\$ -	\$ 229,671
Intergovernmental revenues			
Interest	53	-	53
Charges	818	-	818
Contributions from primary government	210,000	-	210,000
Miscellaneous	14,853	-	14,853
Total revenues	455,395	-	455,395
Expenditures/expenses			
Current			
Personnel services	65,016	70,595	135,611
Contractual services	20,479	-	20,479
Benefits	43,003	-	43,003
Materials and supplies	45,364	-	45,364
Utilities	6,345	-	6,345
Promotion	20,611	-	20,611
Contributions to primary government	274,849	-	274,849
Total expenditures/expenses	475,667	70,595	546,262
Revenues over (under) expenditures/expenses	(20,272)	70,595	(90,867)
Net changes in fund balances	(20,272)	20,272	
Change in net position		90,867	(90,867)
Fund balances/net position, beginning of year	53,536		243,680
Fund balances/net position, end of year	\$ 33,264		\$ 152,813

CITY OF IONIA

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

JUNE 30, 2020

	Governmental Fund Type		Statement of Net Position
	General Fund	Adjustments	
Assets			
Cash and pooled investments	\$ 191,336	\$ -	\$ 191,336
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Fund balances			
Unassigned	191,336	(191,336)	-
Total liabilities and fund balances	\$ 191,336		
Net position			
Unrestricted		\$ 191,336	\$ 191,336

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, 2020

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	
Revenues			
Taxes	\$ 41,593	\$ -	\$ 41,593
Interest	189	-	189
	<u>41,782</u>	<u>-</u>	<u>41,782</u>
Total revenues			
Expenditures/expenses			
Current			
Miscellaneous	3,145	-	3,145
	<u>3,145</u>	<u>-</u>	<u>3,145</u>
Net changes in fund balances	38,637	(38,637)	
Change in net position		(38,637)	38,637
Fund balances/net position, beginning of year	<u>152,699</u>		<u>152,699</u>
Fund balances/net position, end of year	<u>\$ 191,336</u>		<u>\$ 191,336</u>

CITY OF IONIA

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

JUNE 30, 2020

	Governmental Fund Type		Statement of
	General Fund	Adjustments	Net Position
Assets			
Cash and pooled investments	\$ 203,513	\$ -	\$ 203,513
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Fund balances			
Unassigned	203,513	(203,513)	-
Total liabilities and fund balances	\$ 203,513		
Net position			
Unrestricted		\$ 203,513	\$ 203,513

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Revenues			
Taxes	\$ 49,638	\$ -	\$ 49,638
Interest	200	-	200
	<u>49,838</u>	<u>-</u>	<u>49,838</u>
Total revenues/expenses	49,838	-	49,838
Expenditures			
Current			
Contractual	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures/expenses	<u>49,838</u>	<u>-</u>	<u>49,838</u>
Net changes in fund balances	49,838	(49,838)	
Change in net position		(49,838)	49,838
Fund balances/net position, beginning of year	<u>153,675</u>		<u>153,675</u>
Fund balances/net position, end of year	<u>\$ 203,513</u>		<u>\$ 203,513</u>

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DIAL-A-RIDE TRANSIT SCHEDULES

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>7/1/19 to</u> <u>9/30/2019</u>	<u>10/1/19 to</u> <u>6/30/2020</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 12,931	\$ 38,939	\$ 51,870
Contract fares	785	2,795	3,580
JARC fares	3,681	10,114	13,795
Property tax levy	68,188	7,592	75,780
Local participation	11,250	11,250	22,500
Tower rental and central dispatch fees	2,158	7,127	9,285
Interest income	138	330	468
Miscellaneous	6,118	-	6,118
Sale of capital assets	-	6,925	6,925
	<hr/>	<hr/>	<hr/>
Total local revenues	\$ 105,249	\$ 85,072	\$ 190,321

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>10/1/18 to</u> <u>6/30/2019</u>	<u>7/1/19 to</u> <u>9/30/2019</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 48,641	\$ 12,931	\$ 61,572
Contract fares	4,035	785	4,820
JARC fares	8,852	3,681	12,533
Property tax levy	6,600	68,188	74,788
Local participation	15,750	11,250	27,000
Tower rental fees	9,845	2,158	12,003
Interest income	350	138	488
Miscellaneous	-	6,118	6,118
Sale of capital assets	27,888	-	27,888
	<hr/>	<hr/>	<hr/>
Total local revenues	\$ 121,961	\$ 105,249	\$ 227,210

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)
FOR THE YEAR ENDED JUNE 30, 2020

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	Local		
U.S. Department of Transportation									
Passed through Michigan Department of Transportation									
Operating assistance - section 5311 - 2017 (reconciled)	20.509	2017-0071/P1	\$ 89,263	\$ (3,703)	\$ (3,703)	\$ -	\$ -	\$ 87,687	\$ 5,279
Operating assistance - section 5311 - 2019 (PY accrual)	20.509	2017-0071/P13	-	(64,646)	(64,646)	-	-	-	64,646
Operating assistance - section 5311 - 2019 (receipt)	20.509	2017-0071/P13	-	64,646	64,646	-	-	-	(64,646)
Operating assistance - section 5311 - 2019 (receipt)	20.509	2017-0071/P13	88,524	22,131	22,131	-	-	64,646	1,747
Operating assistance - section 5311 - 2020 (receipt)	20.509	2017-0071/P18	89,118	89,118	89,118	-	-	-	-
Operating assistance - section 5311 - 2020 (deferred)	20.509	2017-0071/P18	-	(24,472)	(24,472)	-	-	-	24,472
CARES Act - section 5311 - 2020 (accrual)	20.509	2017-0071/P19	41,987	20,994	20,994	-	-	-	20,993
Operating assistance - section 5311 - 2019 JARC (PY accrual)	20.516	2017-0071/P9	-	(78,558)	(39,279)	(39,279)	-	-	78,558
Operating assistance - section 5311 - 2019 JARC (receipt)	20.516	2017-0071/P9	-	78,558	39,279	39,279	-	-	(78,558)
Operating assistance - section 5311 - 2019 JARC (receipt)	20.516	2017-0071/P9	168,500	45,272	22,636	22,636	-	120,684	2,544
Operating assistance - section 5311 - 2020 JARC (receipt)	20.516	2017-0071/P14	-	76,556	38,278	38,278	-	-	(76,556)
Operating assistance - section 5311 - 2020 JARC (accrual)	20.516	2017-0071/P14	168,500	58,834	29,417	29,417	-	-	109,666
RTAP funding	N/A	2019-2020		2,502	2,502	-	-	-	(2,502)
Capital grant - section 5311 - FY 2017 capital (receipt)	20.509	2017-0071/P4	169,575	2,262	1,810	452	-	166,760	553
Capital grant - section 5311 - FY 2018 capital (receipt)	20.509	2017-0071/P12	87,847	87,734	70,187	17,547	-	-	113
Capital grant - section 5311 - FY 2019 capital (receipt)	20.509	2017-0071/P16	22,500	7,894	6,315	1,579	-	-	14,606
Total passed through Michigan Department of Transportation			2,268,301	385,122	275,213	109,909	-	1,486,032	397,147
Michigan Department of Transportation									
Operating assistance - Act 51 (reconciled)	N/A	FY2017	-	(680)	-	(680)	-	-	680
Operating assistance - Act 51 (PY accrual)	N/A	FY2019	-	(10,608)	-	(10,608)	-	-	10,608
Operating assistance - Act 51 (receipt)	N/A	FY2019	-	51,761	-	51,761	-	-	(51,761)
Operating assistance - Act 51 (accrual)	N/A	FY2019	-	10,608	-	10,608	-	-	(10,608)
Operating assistance - Act 51 (receipt)	N/A	FY2020	-	155,295	-	155,295	-	-	(155,295)
Capital grant (receipt)	N/A	2017-0071/P10	169,575	2,262	-	2,262	-	166,760	553
Capital grant (receipt)	N/A	2017-0071/P17	175,410	175,410	-	175,410	-	-	-
Commission on Aging Contract (receipt)	N/A	2017-0071/P11	21,507	16,131	-	16,131	-	5,376	-
Commission on Aging Contract (PY accrual)	N/A	2017-0071/P11	-	(10,754)	-	(10,754)	-	-	10,754
Commission on Aging Contract (receipt)	N/A	2017-0071/P15	21,507	12,589	-	12,589	-	-	8,918
Commission on Aging Contract (accrual)	N/A	2017-0071/P15	-	2,009	-	2,009	-	-	(2,009)
Total Operating Assistance			\$ 387,999	404,023	-	404,023	-	\$ 172,136	\$ (188,160)
Total				\$ 789,145	\$ 275,213	\$ 513,932	\$ -		

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Grant Number</u>	<u>7/1/19 to 9/30/2019</u>	<u>10/1/19 to 6/30/2020</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - section 5311 - 2019 JARC (PY accrual)	2017-0071/P9	\$ (39,279)	\$ -	\$ (39,279)
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	39,279	-	39,279
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	-	22,636	22,636
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	-	38,278	38,278
Operating assistance - section 5311 - 2020 JARC (accrual)	2017-0071/P14	-	29,417	29,417
Operating assistance - Act 51 (reconciled)	FY2017	-	(680)	(680)
Operating assistance - Act 51 (PY accrual)	FY2019	(10,608)	-	(10,608)
Operating assistance - Act 51 (receipt)	FY2019	51,761	-	51,761
Operating assistance - Act 51 (accrual)	FY2019	-	10,608	10,608
Operating assistance - Act 51 (receipt)	FY2020	-	155,295	155,295
Commission on Aging Contract (receipt)	2017-0071/P11	16,131	-	16,131
Commission on Aging Contract (PY accrual)	2017-0071/P11	(10,754)	-	(10,754)
Commission on Aging Contract (receipt)	2017-0071/P15	-	12,589	12,589
Commission on Aging Contract (accrual)	2017-0071/P15	-	2,009	2,009
Total Michigan Department of Transportation		<u>46,530</u>	<u>270,152</u>	<u>316,682</u>
Federal grants				
Operating assistance - section 5311 - 2017 (reconciled)	2017-0071/P1	-	(3,703)	(3,703)
Operating assistance - section 5311 - 2019 (PY accrual)	2017-0071/P13	(64,646)	-	(64,646)
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	64,646	-	64,646
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	-	22,131	22,131
Operating assistance - section 5311 - 2020 (receipt)	2017-0071/P18	-	89,118	89,118
Operating assistance - section 5311 - 2020 (deferred)	2017-0071/P18	-	(24,472)	(24,472)
CARES Act - section 5311 - 2020 (accrual)	2017-0071/P19	-	20,994	20,994
Operating assistance - section 5311 - 2018 JARC (PY accrual)	2017-0071/P9	(39,279)	-	(39,279)
Operating assistance - section 5311 - 2018 JARC (receipt)	2017-0071/P9	39,279	-	39,279
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	-	22,636	22,636
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	-	38,278	38,278
Operating assistance - section 5311 - 2020 JARC (accrual)	2017-0071/P14	-	29,417	29,417
RTAP (receipt)		<u>1,034</u>	<u>1,468</u>	<u>2,502</u>
Total federal grants		<u>1,034</u>	<u>195,867</u>	<u>196,901</u>
Total		<u>\$ 47,564</u>	<u>\$ 466,019</u>	<u>\$ 513,583</u>

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

		<u>10/1/18 to</u> <u>6/30/2019</u>	<u>7/1/19 to</u> <u>9/30/2019</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - section 5311 - 2018 JARC (receipt)	2017-0071/P6	\$ 21,008	\$ -	\$ 21,008
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	21,063	39,279	60,342
Operating assistance - section 5311 - 2019 JARC (accrual)	2017-0071/P9	39,279	(39,279)	-
Operating assistance - Act 51 (accrual)	FY2019	10,608	(10,608)	-
Operating assistance - Act 51 (receipt)	FY2019	144,687	51,761	196,448
Operating assistance - Act 51 (accrual)	FY2019	-	-	-
Commission on Aging Contract (receipt)	2017-0071/P7	5,377	-	5,377
Commission on Aging Contract (receipt)	2017-0071/P11	5,376	16,131	21,507
Commission on Aging Contract (PY accrual)	2017-0071/P11	<u>10,754</u>	<u>(10,754)</u>	<u>-</u>
Total Michigan Department of Transportation		<u>258,152</u>	<u>46,530</u>	<u>304,682</u>
Federal grants				
Operating assistance - section 5311 - 2019 (accrual)	2017-0071/P13	64,646	(64,646)	-
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	-	64,646	64,646
Operating assistance - section 5311 - 2018 JARC (receipt)	2017-0071/P6	21,008	-	21,008
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	21,063	39,279	60,342
Operating assistance - section 5311 - 2020 JARC (accrual)	2017-0071/P14	39,279	(39,279)	-
RTAP (receipt)		<u>3,700</u>	<u>1,034</u>	<u>4,734</u>
Total federal grants		<u>149,696</u>	<u>1,034</u>	<u>150,730</u>
Total		<u>\$ 407,848</u>	<u>\$ 47,564</u>	<u>\$ 455,412</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Total</u>
Local revenue	
Demand response (farebox)	
Regular service	\$ 61,572
School services	4,820
Property tax levy	74,788
Local participation	27,000
Tower rental and central dispatch fees	12,003
Interest income	488
Sale of capital assets	<u>27,888</u>
Total local revenues	<u>214,677</u>
State and Federal revenue	
Michigan Department of Transportation	
Formula operating assistance (Act 51) - FY19	<u>196,448</u>
Total Michigan Department of Transportation	<u>196,448</u>
Federal grants	
Section 5311 grant 2017-71/P13 - 2019 operating	64,646
RTAP funding receipts	<u>4,734</u>
Total federal grants	<u>69,380</u>
Total	<u><u>\$ 480,505</u></u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Nonurban</u>	<u>JARC</u>	<u>Specialized Services</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 280,742	\$ 80,054	\$ -	\$ 360,796
Fringe benefits	61,498	17,635	-	79,133
Pension - defined contribution (457 plan)	3,183	937	-	4,120
Pension - defined benefit	2,065	7,428	-	9,493
Services				
Other services	81,123	71,575	19,975	172,673
Materials and supplies				
Fuel	26,023	6,455	-	32,478
Other materials and supplies	6,257	2,069	-	8,326
Casualty and liability costs				
Insurance	6,429	1,308	-	7,737
Utilities	31,692	3,611	-	35,303
Miscellaneous	3,704	91	-	3,795
Depreciation	<u>143,362</u>	<u>-</u>	<u>-</u>	<u>143,362</u>
Total operating expenses	<u>\$ 646,078</u>	<u>\$ 191,163</u>	<u>\$ 19,975</u>	<u>\$ 857,216</u>

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

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

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

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

Pension expense above is calculated as follows:

Defined benefit plan

Actuarially required contributions paid	\$ 32,650	
GASB 68/GASB 71 adjustments to pension expense	<u>(23,157)</u>	add as eligible expense

Defined benefit plan net pension expense \$ 9,493 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, 2020

Expenses	Nonurban			Operating assistance - section 5311 - JARC 2017-0071/P9		
	7/1/19 to	10/1/19 to	Total	7/1/19 to	10/1/19 to	Total
	9/30/2019	6/30/2020		9/30/2019	6/30/2020	
Labor	\$ 53,433	\$ 227,309	\$ 280,742	\$ 14,203	\$ -	\$ 14,203
Fringe benefits	9,146	52,352	61,498	2,431	-	2,431
Pension	7,262	(2,014)	5,248	1,930	-	1,930
Service	35,701	45,422	81,123	24,819	-	24,819
Materials and supplies	6,359	25,921	32,280	1,690	-	1,690
Casualty and liability costs	-	6,429	6,429	-	-	-
Utilities	3,064	28,628	31,692	569	-	569
Miscellaneous	1,482	2,222	3,704	17	-	17
Depreciation	26,974	116,388	143,362	-	-	-
Total expenses	\$ 143,421	\$ 502,657	\$ 646,078	\$ 45,659	\$ -	\$ 45,659

Expenses	Operating assistance - section 5311 - JARC 2017-0071/P14			Specialized Services 2017-0071/P11		
	7/1/19 to	10/1/19 to	Total	7/1/19 to	10/1/19 to	Total
	9/30/2019	6/30/2020		9/30/2019	6/30/2020	
Labor	\$ -	\$ 65,851	\$ 65,851	\$ -	\$ -	\$ -
Fringe benefits	-	15,204	15,204	-	-	-
Pension	-	6,435	6,435	-	-	-
Service	-	46,756	46,756	5,377	-	5,377
Materials and supplies	-	6,834	6,834	-	-	-
Casualty and liability costs	-	1,308	1,308	-	-	-
Utilities	-	3,042	3,042	-	-	-
Miscellaneous	-	74	74	-	-	-
Depreciation	-	-	-	-	-	-
Total expenses	\$ -	\$ 145,504	\$ 145,504	\$ 5,377	\$ -	\$ 5,377

Expenses	Specialized Services 2017-0071/P15		
	7/1/19 to	10/1/19 to	Total
	9/30/2019	6/30/2020	
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	-	14,598	14,598
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
Total expenses	\$ -	\$ 14,598	\$ 14,598

CITY OF IONIA

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING EXPENSES (3B)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Nonurban			Operating assistance - section 5311 - JARC 2017-0071/P9		
	10/1/18 to	7/1/19 to	Total	10/1/18 to	7/1/19 to	Total
	6/30/2019	9/30/2019		6/30/2019	9/30/2019	
Expenses						
Labor	\$ 211,180	\$ 53,433	\$ 264,613	\$ 57,582	\$ 14,203	\$ 71,785
Fringe benefits	53,293	9,146	62,439	14,228	2,431	16,659
Pension	36,518	7,262	43,780	6,088	1,930	8,018
Service	73,070	35,701	108,771	40,102	24,819	64,921
Materials and supplies	26,822	6,359	33,181	8,756	1,690	10,446
Casualty and liability costs	6,066	-	6,066	1,627	-	1,627
Utilities	15,532	3,064	18,596	3,446	569	4,015
Miscellaneous	4,238	1,482	5,720	142	17	159
Depreciation	89,148	26,974	116,122	-	-	-
Total expenses	\$ 515,867	\$ 143,421	\$ 659,288	\$ 131,971	\$ 45,659	\$ 177,630

	Specialized Services 2017-0071/P11		
	10/1/18 to	7/1/19 to	Total
	6/30/2019	9/30/2019	
Expenses			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	16,131	5,377	21,508
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
Total expenses	\$ 16,131	\$ 5,377	\$ 21,508

CITY OF IONIA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 192,543	\$ 12,738	\$ 59,332	\$ 264,613
Fringe benefits	55,949	1,173	5,317	62,439
Pension	-	-	43,780	43,780
Services				
Audit costs	-	-	3,300	3,300
Other services	3,276	33,222	68,973	105,471
Materials and supplies				
Fuel	30,673	-	-	30,673
Other materials and supplies	2,508	-	-	2,508
Insurance				
Liability	5,153	-	913	6,066
Other	-	-	-	-
Utilities	2,093	-	16,503	18,596
Miscellaneous	3,736	-	1,984	5,720
Depreciation	-	-	116,122	116,122
Total operating expenses	<u>\$ 295,931</u>	<u>\$ 47,133</u>	<u>\$ 316,224</u>	<u>659,288</u>
Ineligible expenses				
Ineligible depreciation	\$ -	\$ -	\$ 116,253	116,253
Expense associated with rentals	-	-	2,720	2,720
Ineligible (eligible) defined benefit pension*	-	-	14,689	14,689
Ineligible portion of association dues	-	-	140	140
RTAP	-	-	4,734	4,734
Total ineligible expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,536</u>	<u>138,536</u>
Total eligible expenses				<u>\$ 520,752</u>

*The June 30, 2019 year end GASB 68 adjustment resulted in an increase to the pension expense of \$14,689.

CITY OF IONIA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 51,979	\$ 3,464	\$ 16,342	\$ 71,785
Fringe benefits	14,792	319	1,548	16,659
Pension		-	8,018	8,018
Services				
Audit costs	-	-	-	-
Other services	49,075	8,753	7,093	64,921
Materials and supplies				
Fuel	8,254	-	-	8,254
Other materials and supplies	1,286	28	878	2,192
Insurance				
Liability	1,627	-	-	1,627
Other	-	-	-	-
Utilities	827	-	3,188	4,015
Miscellaneous	159	-	-	159
Depreciation	-	-	-	-
Total operating expenses	<u>\$ 127,999</u>	<u>\$ 12,564</u>	<u>\$ 37,067</u>	<u>177,630</u>
Ineligible expenses				
JARC Farebox revenue	<u>12,533</u>	<u>-</u>	<u>-</u>	<u>12,533</u>
Total ineligible expenses	<u>\$ 12,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,533</u>
Total eligible expenses				<u>\$ 165,097</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
OPERATING ASSISTANCE CALCULATION (5)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 264,613
Fringe benefits	62,439
Pension	43,780
Service	108,771
Materials and supplies	33,181
Casualty and liability costs	6,066
Utilities	18,596
Miscellaneous	5,720
Depreciation	<u>116,122</u>
Total expenses	<u>659,288</u>
Less ineligible expenses	
Depreciation	116,253
Expense associated with rentals	2,720
Ineligible defined benefit pension	14,689
Ineligible portion of association dues	140
Federal grants - RTAP	<u>4,734</u>
Total ineligible expenses	<u>138,536</u>
State eligible expenses	<u>\$ 520,752</u>
State operating assistance - 40.2653%	<u>\$ 209,682</u>
Federal eligible expenses	
State eligible expenses	\$ 520,752
Less additional federal ineligible expenses	
Audit costs	<u>3,300</u>
Federal eligible expenses	<u>\$ 517,452</u>
Setion 5311 reimbursement - 18.0%	<u>\$ 93,141</u>

CITY OF IONIA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>NONURBAN REGULAR SERVICE</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Vehicle miles	<u>118,330</u>	<u>4,183</u>	<u>-</u>	<u>122,513</u>
Vehicle hours	<u>9,760</u>	<u>387</u>	<u>-</u>	<u>10,147</u>
<u>JOB ACCESS REVERSE COMMUTE (JARC)</u>				
Vehicle miles	<u>40,411</u>	<u>893</u>	<u>-</u>	<u>41,304</u>
Vehicle hours	<u>2,717</u>	<u>144</u>	<u>-</u>	<u>2,861</u>

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

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

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 27, 2020

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, 2020, 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 27, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Orlando Haefner LLC