



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021



Vredeveld Haefner LLC  
CPAs and Consultants

**CITY OF IONIA**  
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### INDEPENDENT AUDITORS' REPORT

October 25, 2021

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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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 25, 2021, 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.

*Ordedwald 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, 2021. 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 FY20-21 budget remained the same as the FY19-20 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 residents and visitors.

### Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that

are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, public safety, public works including major and local street construction and maintenance, culture and recreation, capital outlay, and debt service activities. The business-type activities of the City include Dial-A-Ride, sewer, water, and theatre operations.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains 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 \$26,925,476 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$4,125,524	\$3,580,484	\$ 6,868,791	\$ 7,640,103	\$10,994,315	\$11,220,587
Noncurrent assets	9,537,686	9,884,485	44,334,577	43,129,082	53,872,263	53,013,567
<b>Total assets</b>	<b>13,663,210</b>	<b>13,464,969</b>	<b>51,203,368</b>	<b>50,769,185</b>	<b>64,866,578</b>	<b>64,234,154</b>
Deferred outflows	1,330,622	1,166,123	290,596	246,267	1,621,218	1,412,390
Current and other liabilities	487,237	835,252	2,334,323	1,862,399	2,821,560	2,697,651
Noncurrent liabilities	8,672,230	9,915,138	27,196,874	28,397,523	35,869,104	38,312,661
<b>Total liabilities</b>	<b>9,159,467</b>	<b>10,750,390</b>	<b>29,531,197</b>	<b>30,259,922</b>	<b>38,690,664</b>	<b>41,010,312</b>
Deferred inflows	745,256	297,028	126,400	43,400	871,656	340,428
Net position						
Net investment in capital assets	9,537,686	9,884,485	17,555,829	14,997,810	27,093,515	24,882,295
Restricted	1,466,369	1,101,832	-	-	1,466,369	1,101,832
Unrestricted (deficit)	(5,914,946)	(7,402,643)	4,280,538	5,714,320	(1,634,408)	(1,688,323)
<b>Total net position</b>	<b>\$5,089,109</b>	<b>\$3,583,674</b>	<b>\$21,836,367</b>	<b>\$20,712,130</b>	<b>\$26,925,476</b>	<b>\$24,295,804</b>

Total net position for the City increased by \$2,629,672 from the prior year which is primarily due to increases in sewer and water fund net position, general and nonmajor governmental fund increased fund balance and a slight decline in the net pension liability.

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$3,014,497	\$3,105,762	\$ 6,811,279	\$ 6,471,405	\$ 9,825,776	\$ 9,577,167
Operating grants and contributions	1,357,753	1,257,396	824,097	765,881	2,181,850	2,023,277
Capital grants and contributions	46,673	233,329	5,626	275,562	52,299	508,891
General revenues						
Property taxes	960,758	902,023	79,103	75,780	1,039,861	977,803
Income taxes	2,233,093	2,127,141	-	-	2,233,093	2,127,141
Other governmental sources	897,774	776,602	-	-	897,774	776,602
Interest	15,248	71,711	4,858	27,841	20,106	99,552
Other	-	1,500	-	-	-	1,500
<b>Total revenues</b>	<b>8,525,796</b>	<b>8,475,464</b>	<b>7,724,963</b>	<b>7,616,469</b>	<b>16,250,759</b>	<b>16,091,933</b>
<b>Expenses</b>						
General government	2,209,556	2,175,869	-	-	2,209,556	2,175,869
Public safety	2,259,365	2,761,408	-	-	2,259,365	2,761,408
Public works	2,119,517	2,145,426	-	-	2,119,517	2,145,426
Culture and recreation	431,923	503,703	-	-	431,923	503,703
Interest	-	-	-	-	-	-
Dial-a-Ride	-	-	917,562	857,216	917,562	857,216
Sewer	-	-	2,889,007	2,840,228	2,889,007	2,840,228
Water	-	-	2,584,221	2,384,993	2,584,221	2,384,993
Theatre	-	-	209,936	294,233	209,936	294,233
<b>Total expenses</b>	<b>7,020,361</b>	<b>7,586,406</b>	<b>6,600,726</b>	<b>6,376,670</b>	<b>13,621,087</b>	<b>13,963,076</b>
Increase (decrease) before transfers	1,505,435	889,058	1,124,237	1,239,799	2,629,672	2,128,857
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	1,505,435	889,058	1,124,237	1,239,799	2,629,672	2,128,857
<b>Net position - beginning of year</b>	<b>3,583,674</b>	<b>2,694,616</b>	<b>20,712,130</b>	<b>19,472,331</b>	<b>24,295,804</b>	<b>22,166,947</b>
<b>Net position - end of year</b>	<b>\$5,089,109</b>	<b>\$3,583,674</b>	<b>\$21,836,367</b>	<b>\$20,712,130</b>	<b>\$26,925,476</b>	<b>\$24,295,804</b>

**Governmental Activities.** During the year, the City invested \$2,259,365 or 32% of governmental activities expenses in Public Safety. Public Works, which includes major and local streets was \$2,209,556 or 31% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 37% of governmental activities expenses.

**Business-type Activities.** Business-type activities increased the City's net position by \$1,124,237, primarily due to increased sewer and water revenue.

## 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 \$3,441,782, an increase of \$910,034 in comparison with the prior year. Of the \$3,441,782, \$1,356,059 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 \$1,356,059. 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 26% of total General fund expenditures. The fund balance of the City's General fund increased by \$489,788 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 \$4,280,538. The enterprise funds reported an increase in net position for the year of \$1,124,237. 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 services fire revenue to reflect additional state contribution.
- Increased general fund licenses and permits due to new marijuana business licensing.
- Decreased general fund income tax revenues due to the COVID-19 pandemic.
- Increased the general fund other offices departmental expense 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, 2021, amounted to \$53,872,263 (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:

<b>Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 759,533	\$ 1,219,180	\$ 1,978,713
Construction in progress	21,755	970,300	992,055
Buildings, equipment and Infrastructure	8,756,398	42,145,097	50,901,495
<b>Total</b>	<b>\$9,537,686</b>	<b>\$44,334,577</b>	<b>\$53,872,263</b>

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

**Debt and other long-term liabilities.** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$35,869,104 summarized as follows:

<b>Long-term Debt</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Accrued employee benefits	\$ 408,278	\$ 102,921	\$ 511,199
Net pension liability	8,263,952	1,401,612	9,665,564
Bond premium	-	437,341	437,341
Bonds payable	-	25,255,000	25,255,000
<b>Total</b>	<b>\$8,672,230</b>	<b>\$27,196,874</b>	<b>\$35,869,104</b>

The City made debt principal payments totaling \$1,235,075 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 2021-22 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 2021 to support 2021-22 was 8.9855 mills, which is a decrease from 9.0000 mills in FY20-21.
- Sanitary Sewer Utility charges were increased for FY 21-22. The sanitary sewer commodity charge increased from \$4.00 per 1,000 gallons to \$4.20 per 1,000 gallons. The sanitary sewer debt service charge increased from \$44.00/REU/quarter to \$46.00/REU/quarter. Water utility charges remained the same for FY 21-22 as FY 20-21.

### **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](mailto:chyzer@ci.ionia.mi.us) or Precia Garland, City Manager, at extension 5776, or via e-mail: [pgarland@ci.ionia.mi.us](mailto:pgarland@ci.ionia.mi.us).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF IONIA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

	Primary Government			Component Units		
	Governmental	Business-Type	Total	Downtown	Local	Brownfield
	Activities	Activities		Development	Development	Redevelopment
			Authority	Authority	Authority	
<b>Assets</b>						
Cash and pooled investments	\$ 3,209,072	\$ 4,873,808	\$ 8,082,880	\$ 155,945	\$ 180,965	\$ 267,118
Accounts receivable	491,342	1,551,682	2,043,024	29	-	-
Prepaid items	34,153	247	34,400	-	-	-
Due from other governments	390,957	383,329	774,286	-	-	-
Inventory	-	59,725	59,725	-	-	-
Noncurrent						
Land	759,533	1,219,180	1,978,713	387,256	-	-
Construction in progress	21,755	970,300	992,055	-	-	-
Depreciable capital assets, net	8,756,398	42,145,097	50,901,495	-	-	-
<b>Total assets</b>	<b>13,663,210</b>	<b>51,203,368</b>	<b>64,866,578</b>	<b>543,230</b>	<b>180,965</b>	<b>267,118</b>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	-	64,915	64,915	-	-	-
Deferred outflows pension related	1,330,622	225,681	1,556,303	39,741	-	-
<b>Total deferred outflows of resources</b>	<b>1,330,622</b>	<b>290,596</b>	<b>1,621,218</b>	<b>39,741</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>						
Accounts payable	283,314	647,348	930,662	11,433	-	-
Accrued liabilities	203,040	526,115	729,155	3,268	-	-
Unearned revenue	883	860	1,743	-	-	-
Debt due within one year	-	1,160,000	1,160,000	-	-	-
Noncurrent liabilities						
Compensated absences	408,278	102,921	511,199	15,061	-	-
Net pension liability	8,263,952	1,401,612	9,665,564	246,818	-	-
Bond premium	-	437,341	437,341	-	-	-
Debt due in more than one year	-	25,255,000	25,255,000	-	-	-
<b>Total liabilities</b>	<b>9,159,467</b>	<b>29,531,197</b>	<b>38,690,664</b>	<b>276,580</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Deferred inflows pension related	745,256	126,400	871,656	22,258	-	-
<b>Net position</b>						
Net investment in capital assets	9,537,686	17,555,829	27,093,515	387,256	-	-
Restricted for						
Cemetery	5,394	-	5,394	-	-	-
Capital improvements	100,812	-	100,812	-	-	-
Major streets	318,022	-	318,022	-	-	-
Local streets	542,506	-	542,506	-	-	-
Public safety	16,355	-	16,355	-	-	-
Solid waste	100,819	-	100,819	-	-	-
Recreation	382,461	-	382,461	-	-	-
Unrestricted (deficit)	(5,914,946)	4,280,538	(1,634,408)	(103,123)	180,965	267,118
<b>Total net position</b>	<b>\$ 5,089,109</b>	<b>\$ 21,836,367</b>	<b>\$ 26,925,476</b>	<b>\$ 284,133</b>	<b>\$ 180,965</b>	<b>\$ 267,118</b>

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

**CITY OF IONIA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 2,209,556	\$ 2,557,169	\$ 89,896	\$ -	\$ 437,509
Public safety	2,259,365	94,100	4,619	46,673	(2,113,973)
Public works and streets	2,119,517	322,512	1,261,616	-	(535,389)
Culture and recreation	431,923	40,716	1,622	-	(389,585)
<b>Total governmental activities</b>	<b>7,020,361</b>	<b>3,014,497</b>	<b>1,357,753</b>	<b>46,673</b>	<b>(2,601,438)</b>
Business-type activities					
Dial-a-Ride	917,562	67,494	693,092	5,626	(151,350)
Sewer	2,889,007	3,682,146	-	-	793,139
Water	2,584,221	3,007,342	-	-	423,121
Theatre	209,936	54,297	131,005	-	(24,634)
<b>Total business-type activities</b>	<b>6,600,726</b>	<b>6,811,279</b>	<b>824,097</b>	<b>5,626</b>	<b>1,040,276</b>
<b>Total primary government</b>	<b>\$ 13,621,087</b>	<b>\$ 9,825,776</b>	<b>\$ 2,181,850</b>	<b>\$ 52,299</b>	<b>\$ (1,561,162)</b>
<b>Component units</b>					
Downtown Development Authority	\$ 345,154	\$ 28,456	\$ 200,000	\$ -	\$ (116,698)
Local Development Finance Authority	14,885	-	-	-	(14,885)
Brownfield Redevelopment Authority	-	-	-	-	-
<b>Total component units</b>	<b>\$ 360,039</b>	<b>\$ 28,456</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ (131,583)</b>

(Continued)

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

**CITY OF IONIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Local		
				Downtown Development Authority	Development Finance Authority	Brownfield Redevelopment Authority
<b>Changes in net assets</b>						
<b>Net (expense) revenue</b>	\$ (2,601,438)	\$ 1,040,276	\$ (1,561,162)	\$ (116,698)	\$ (14,885)	\$ -
General revenues						
Property taxes						
General operating	625,008	-	625,008	247,895	(2,628)	63,339
Restricted	335,750	79,103	414,853	-	-	-
Income taxes	2,233,093	-	2,233,093	-	-	-
State shared revenues - unrestricted	897,774	-	897,774	-	6,960	-
Interest	15,248	4,858	20,106	123	182	266
Total general revenues	<u>4,106,873</u>	<u>83,961</u>	<u>4,190,834</u>	<u>248,018</u>	<u>4,514</u>	<u>63,605</u>
Change in net position	1,505,435	1,124,237	2,629,672	131,320	(10,371)	63,605
<b>Net position, beginning of year</b>	<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>
<b>Net position, end of year</b>	<u>\$ 5,089,109</u>	<u>\$ 21,836,367</u>	<u>\$ 26,925,476</u>	<u>\$ 284,133</u>	<u>\$ 180,965</u>	<u>\$ 267,118</u>

(Concluded)

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

**CITY OF IONIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2021**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 1,492,378	\$ 1,536,324	\$ 3,028,702
Accounts receivable	382,846	80,804	463,650
Prepaid items	33,417	-	33,417
Due from other governments	210,041	180,916	390,957
	<u>2,118,682</u>	<u>1,798,044</u>	<u>3,916,726</u>
<b>Total assets</b>	<b>\$ 2,118,682</b>	<b>\$ 1,798,044</b>	<b>\$ 3,916,726</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 170,583	\$ 103,732	\$ 274,315
Accrued liabilities	180,663	19,083	199,746
Unearned revenue	-	883	883
	<u>351,246</u>	<u>123,698</u>	<u>474,944</u>
<b>Total liabilities</b>	<b>351,246</b>	<b>123,698</b>	<b>474,944</b>
<b>Fund balances</b>			
Nonspendable			
Permanent fund corpus	-	5,200	5,200
Prepaid items	33,417	-	33,417
Restricted			
Permanent fund spendable	-	194	194
Streets	-	860,528	860,528
Public safety	-	16,355	16,355
Solid waste	-	100,819	100,819
Recreation	-	382,461	382,461
Capital projects	-	100,812	100,812
Assigned			
Public safety	5,000	153,792	158,792
Recreation	-	54,185	54,185
Capital projects	400,000	-	400,000
Subsequent year expenditures	372,960	-	372,960
Unassigned	956,059	-	956,059
	<u>1,767,436</u>	<u>1,674,346</u>	<u>3,441,782</u>
<b>Total fund balances</b>	<b>1,767,436</b>	<b>1,674,346</b>	<b>3,441,782</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 2,118,682</b>	 <b>\$ 1,798,044</b>	 <b>\$ 3,916,726</b>

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, 2021

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<b>Fund balances - total governmental funds</b>	\$ 3,441,782
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	21,755
Add - capital assets (net of accumulated depreciation)	7,739,724
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	1,200,254
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	(395,353)
Deduct - net pension liability	(8,263,952)
Deduct - deferred inflows related to pensions	(745,256)
Add - deferred outflows related to pensions	<u>1,330,622</u>
<b>Net position of governmental activities</b>	<u>\$ 5,089,109</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, 2021**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Property taxes	\$ 625,008	\$ 417,469	\$ 1,042,477
Income taxes	2,233,093	-	2,233,093
Intergovernmental revenues			
Federal	89,896	-	89,896
State	899,447	1,104,897	2,004,344
Local	-	45,000	45,000
Contributions from component units	-	75,000	75,000
Licenses and permits	63,833	-	63,833
Charges for services	2,433,679	308,542	2,742,221
Fines	17,388	-	17,388
Interest	14,687	773	15,460
Donations	-	5,619	5,619
Miscellaneous	136,354	55,111	191,465
<b>Total revenues</b>	<u>6,513,385</u>	<u>2,012,411</u>	<u>8,525,796</u>
<b>Expenditures</b>			
Current			
General government	2,051,408	-	2,051,408
Public safety	2,662,953	57,668	2,720,621
Public works and streets	194,615	1,742,660	1,937,275
Health and welfare	41,416	-	41,416
Community and economic development	86,058	-	86,058
Culture and recreation	7,147	494,919	502,066
Contribution to component unit	200,000	-	200,000
Capital outlay	-	76,918	76,918
<b>Total expenditures</b>	<u>5,243,597</u>	<u>2,372,165</u>	<u>7,615,762</u>
Revenues over (under) expenditures	<u>1,269,788</u>	<u>(359,754)</u>	<u>910,034</u>
Other financing sources (uses)			
Transfers in	-	880,000	880,000
Transfers out	(780,000)	(100,000)	(880,000)
Total other financing sources (uses)	<u>(780,000)</u>	<u>780,000</u>	<u>-</u>
Net changes in fund balances	489,788	420,246	910,034
<b>Fund balances, beginning of year</b>	<u>1,277,648</u>	<u>1,254,100</u>	<u>2,531,748</u>
<b>Fund balances, end of year</b>	<u>\$ 1,767,436</u>	<u>\$ 1,674,346</u>	<u>\$ 3,441,782</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, 2021

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<b>Net changes in fund balances - total governmental funds</b>	\$ 910,034
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	670,406
Deduct - depreciation expense	(1,019,130)
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.	
Add - decrease in compensated absences	32,889
Deduct - increase in deferred inflows related to pensions	(448,228)
Add - increase in deferred outflows related to pensions	164,499
Add - decrease in net pension liability	1,209,869
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>(14,904)</u>
<b>Change in net position of governmental activities</b>	<u>\$ 1,505,435</u>

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

**CITY OF IONIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 616,896	\$ 3,449,971	\$ 765,438	\$ 41,503	\$ 4,873,808	\$ 180,370
Accounts receivable	(11)	718,817	832,876	-	1,551,682	27,692
Prepaid items	-	-	247	-	247	736
Due from other governments	92,261	286,729	4,339	-	383,329	-
Inventory	-	-	59,725	-	59,725	-
<b>Total current assets</b>	<u>709,146</u>	<u>4,455,517</u>	<u>1,662,625</u>	<u>41,503</u>	<u>6,868,791</u>	<u>208,798</u>
Noncurrent assets						
Advance receivable	-	500,000	-	-	500,000	-
Land	25,000	475,893	671,395	46,892	1,219,180	-
Construction in progress	-	31,666	938,634	-	970,300	-
Buildings and infrastructure	1,789,566	23,873,697	31,798,319	1,181,478	58,643,060	609,393
Machinery and equipment	559,794	588,319	4,029,525	307,303	5,484,941	-
Vehicles	747,553	-	-	-	747,553	2,443,426
Less accumulated depreciation	<u>(2,353,919)</u>	<u>(4,382,937)</u>	<u>(14,754,242)</u>	<u>(1,239,359)</u>	<u>(22,730,457)</u>	<u>(2,036,145)</u>
<b>Total noncurrent assets</b>	<u>767,994</u>	<u>21,086,638</u>	<u>22,683,631</u>	<u>296,314</u>	<u>44,834,577</u>	<u>1,016,674</u>
<b>Total assets</b>	<u>1,477,140</u>	<u>25,542,155</u>	<u>24,346,256</u>	<u>337,817</u>	<u>51,703,368</u>	<u>1,225,472</u>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	-	29,861	35,054	-	64,915	-
Deferred outflows pension related	<u>57,458</u>	<u>53,308</u>	<u>114,915</u>	<u>-</u>	<u>225,681</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>57,458</u>	<u>83,169</u>	<u>149,969</u>	<u>-</u>	<u>290,596</u>	<u>-</u>
<b>Liabilities</b>						
Accounts payable	20,657	20,802	597,019	8,870	647,348	8,999
Accrued liabilities	33,195	201,213	288,785	2,922	526,115	3,294
Unearned revenue	860	-	-	-	860	-
Current portion of long-term debt	<u>-</u>	<u>560,800</u>	<u>599,200</u>	<u>-</u>	<u>1,160,000</u>	<u>-</u>
<b>Total current liabilities</b>	<u>54,712</u>	<u>782,815</u>	<u>1,485,004</u>	<u>11,792</u>	<u>2,334,323</u>	<u>12,293</u>
Long-term liabilities						
Advance payable	-	-	500,000	-	500,000	-
Compensated absences	56,583	11,204	35,134	-	102,921	12,925
Net pension liability	356,846	331,074	713,692	-	1,401,612	-
Bond premium	-	211,290	226,051	-	437,341	-
Bonds payable, net of current portion	<u>-</u>	<u>12,399,700</u>	<u>12,855,300</u>	<u>-</u>	<u>25,255,000</u>	<u>-</u>
<b>Total long-term liabilities</b>	<u>413,429</u>	<u>12,953,268</u>	<u>14,330,177</u>	<u>-</u>	<u>27,696,874</u>	<u>12,925</u>
<b>Total liabilities</b>	<u>468,141</u>	<u>13,736,083</u>	<u>15,815,181</u>	<u>11,792</u>	<u>30,031,197</u>	<u>25,218</u>
<b>Deferred inflows of resources</b>						
Deferred inflows pension related	<u>32,181</u>	<u>29,857</u>	<u>64,362</u>	<u>-</u>	<u>126,400</u>	<u>-</u>
<b>Net position</b>						
Net investment in capital assets	767,994	7,449,048	9,042,473	296,314	17,555,829	1,016,674
Unrestricted	<u>266,282</u>	<u>4,410,336</u>	<u>(425,791)</u>	<u>29,711</u>	<u>4,280,538</u>	<u>183,580</u>
<b>Total net position</b>	<u>\$ 1,034,276</u>	<u>\$ 11,859,384</u>	<u>\$ 8,616,682</u>	<u>\$ 326,025</u>	<u>\$ 21,836,367</u>	<u>\$ 1,200,254</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, 2021**

	<u>Enterprise Funds</u>				<u>Enterprise Fund Total</u>	<u>Governmental Activities</u>
	<u>Dial-A-Ride</u>	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor (Theatre)</u>		<u>Internal Service (Central Garage)</u>
<b>Operating revenue</b>						
Charges for services	\$ 67,494	\$ 3,663,336	\$ 2,983,895	\$ 54,297	\$ 6,769,022	\$ 415,321
Other	34,694	18,810	23,447	9,976	86,927	38,331
<b>Total operating revenue</b>	<u>102,188</u>	<u>3,682,146</u>	<u>3,007,342</u>	<u>64,273</u>	<u>6,855,949</u>	<u>453,652</u>
<b>Operating expense</b>						
Personnel services	342,956	51,917	212,624	72,715	680,212	84,678
Contractual services	170,653	1,887,675	603,777	33,822	2,695,927	54,628
Benefits	133,339	100,701	174,932	5,888	414,860	66,075
Materials and supplies	39,011	15,945	87,343	17,625	159,924	38,856
Utilities	29,982	-	109,375	27,929	167,286	19,873
Repair and maintenance	35,609	-	28,989	11,106	75,704	34,756
Equipment rentals	-	30,595	57,845	-	88,440	12,661
Depreciation	164,368	299,663	851,719	40,851	1,356,601	157,177
Miscellaneous	1,644	-	-	-	1,644	36
<b>Total operating expense</b>	<u>917,562</u>	<u>2,386,496</u>	<u>2,126,604</u>	<u>209,936</u>	<u>5,640,598</u>	<u>468,740</u>
Operating income (loss)	<u>(815,374)</u>	<u>1,295,650</u>	<u>880,738</u>	<u>(145,663)</u>	<u>1,215,351</u>	<u>(15,088)</u>
Non-operating revenue (expense)						
Federal grants	314,765	-	-	-	314,765	-
State grants	329,458	-	-	-	329,458	-
Property taxes	79,103	-	-	-	79,103	-
Contributions from component units	-	-	-	121,023	121,023	-
Gain on sale of capital assets	14,175	-	-	-	14,175	-
Interest income	584	3,822	458	-	4,864	184
Interest expense	-	(502,511)	(457,617)	-	(960,128)	-
<b>Total non-operating revenue (expense)</b>	<u>738,085</u>	<u>(498,689)</u>	<u>(457,159)</u>	<u>121,023</u>	<u>(96,740)</u>	<u>184</u>
Income (loss) before transfers	<u>(77,289)</u>	<u>796,961</u>	<u>423,579</u>	<u>(24,640)</u>	<u>1,118,611</u>	<u>(14,904)</u>
Transfers and other items						
Capital contributions - federal	4,501	-	-	-	4,501	-
Capital contributions - state	1,125	-	-	-	1,125	-
<b>Total transfers and other items</b>	<u>5,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,626</u>	<u>-</u>
Changes in net position	(71,663)	796,961	423,579	(24,640)	1,124,237	(14,904)
<b>Net position, beginning of year</b>	<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>
<b>Net position, end of year</b>	<u>\$ 1,034,276</u>	<u>\$ 11,859,384</u>	<u>\$ 8,616,682</u>	<u>\$ 326,025</u>	<u>\$ 21,836,367</u>	<u>\$ 1,200,254</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, 2021**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,370
Receipts from customers and users	77,299	3,604,376	2,859,073	64,273	6,605,021	-
Payments to employees	(457,879)	(123,188)	(388,304)	(78,623)	(1,047,994)	(151,455)
Operating grants	644,223	-	-	121,023	765,246	-
Payments to suppliers	(283,984)	(1,919,271)	(322,344)	(90,076)	(2,615,675)	(159,140)
<b>Net cash provided by (used in) operating activities</b>	<u>(20,341)</u>	<u>1,561,917</u>	<u>2,148,425</u>	<u>16,597</u>	<u>3,706,598</u>	<u>138,775</u>
<b>Cash flows from non-capital financing activities</b>						
Loan from (to) other funds	-	(500,000)	500,000	-	-	-
Property Taxes	79,103	-	-	-	79,103	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>79,103</u>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>79,103</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Interest paid	-	(522,488)	(479,209)	-	(1,001,697)	-
Deposits/loans with other governments	-	13,206	-	-	13,206	-
Capital grants	5,810	-	-	-	5,810	-
Principal paid on debt	-	(543,425)	(691,650)	-	(1,235,075)	-
Proceeds from sale of capital assets	14,176	-	-	-	14,176	12,165
Acquisitions of capital assets	-	(898,502)	(1,642,573)	(21,022)	(2,562,097)	(171,267)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>19,986</u>	<u>(1,951,209)</u>	<u>(2,813,432)</u>	<u>(21,022)</u>	<u>(4,765,677)</u>	<u>(159,102)</u>
<b>Cash flows from investing activities</b>						
Interest received	584	3,822	458	-	4,864	182
Net increase (decrease) in cash and pooled investments	79,332	(885,470)	(164,549)	(4,425)	(975,112)	(20,145)
<b>Cash and pooled investments, beginning of year</b>	<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>
<b>Cash and pooled investments, end of year</b>	<u>\$ 616,896</u>	<u>\$ 3,449,971</u>	<u>\$ 765,438</u>	<u>\$ 41,503</u>	<u>\$ 4,873,808</u>	<u>\$ 180,370</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ (815,374)	\$ 1,295,650	\$ 880,738	\$ (145,663)	\$ 1,215,351	\$ (15,088)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	164,368	299,663	851,719	40,851	1,356,601	157,177
Net pension liability	3,819	34,843	(21,317)	-	17,345	-
Deferred outflows for pensions	(14,005)	(16,845)	(24,444)	-	(55,294)	-
Deferred inflows for pensions	21,113	20,569	41,318	-	83,000	-
Operating grants	644,223	-	-	121,023	765,246	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	4,935	(77,770)	(148,269)	-	(221,104)	(4,282)
Prepaid items	494	-	-	-	494	-
Inventory	-	-	3,420	-	3,420	-
Accounts payable	(7,579)	14,944	561,565	406	569,336	1,670
Accrued liabilities	14,301	(9,122)	2,328	(20)	7,487	(554)
Compensated absences	(6,812)	(15)	1,367	-	(5,460)	(148)
Unearned revenue	(29,824)	-	-	-	(29,824)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (20,341)</u>	<u>\$ 1,561,917</u>	<u>\$ 2,148,425</u>	<u>\$ 16,597</u>	<u>\$ 3,706,598</u>	<u>\$ 138,775</u>

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

**CITY OF IONIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

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

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

**CITY OF IONIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

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	<b><u>Custodial Fund</u></b>
<b>Additions</b>	
Taxes and benefits collected for other entities	\$ 4,949,027
<b>Total additions</b>	<u>4,949,027</u>
<b>Deductions</b>	
Taxes and benefit to other entities	<u>4,949,027</u>
<b>Total deductions</b>	<u>4,949,027</u>
Changes in net position	<u>-</u>
<b>Net position, beginning of year</b>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ -</u>

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

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### ***Reporting Entity***

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

##### ***Blended Component Unit***

The City of Ionia Building Authority (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, 2021

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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, 2021, the City paid \$1,470,765 to cover the City's and Townships' share of operational costs and \$27,685 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	86.76%
Berlin Township	7.30%
Easton Township	2.70%
Ionia Township	3.24%

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, 2021 are available at City Hall. The following financial information is a summary of the activity for the year ended June 30, 2021:

Total assets	\$9,520,511
Total liabilities	180,400
Total net position	9,340,111
Total operating revenue	1,797,096
Total nonoperating revenues	31,842
Total operating expenses	1,661,361
Total nonoperating expenses	106
Change in net position	167,471

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### **Government-wide and Fund Financial Statements**

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

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

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

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

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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, 2021

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

The City reports the following major governmental funds:

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

The 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 *Custodial 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, 2021

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### ***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.
- 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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### **Receivables**

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

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

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed. Advances receivable/payable represent a long-term borrowing of \$500,000 from the sewer fund to the water fund that is expected to be repaid in more than a year.

### **Inventory**

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

### **Capital Assets**

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

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

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

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

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

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

### **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, 2021

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### ***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, 2021

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### ***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 budgeted expenditures, except in the case of emergency or financial distress. Circumstances of emergency or financial distress shall be reported to the City Council at the earliest practical time. Upon such report, the City Council may direct that additional action be taken to preserve the minimum unassigned fund balance. Fund balance in the General fund at June 30, 2021 was 27% of the current year's final amended budget for expenditures.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### **Net Position and Fund Balance Flow Assumptions**

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

### **Interfund Transactions**

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

## **2. DEFICIT FUND BALANCE/NET POSITION**

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

<b>Governmental Activities</b>	\$(5,914,946)
<b>Component Units</b>	
Downtown Development Authority	(103,123)
<b>Enterprise funds</b>	
Water fund	(425,791)

## **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, 2021, 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	\$8,082,880	\$604,028	\$8,686,908

Cash and pooled investments consist of the following at June 30, 2021:

Deposits and certificates of deposit	\$6,512,871
Michigan Class investment pool	<u>2,174,037</u>
Total	<u>\$8,686,908</u>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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The City also holds investments within its pool for the Ionia Regional Utilities Authority (IRUA) of \$1,441,732 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, \$6,959,068 of the City's bank balance of \$7,959,177 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	\$2,174,037	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, 2021

*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, 2021 are as follows:

<u>Transfers out</u>	<u>Transfers in</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Fund	\$780,000
Nonmajor Governmental Funds	100,000
<b>Total</b>	<b>\$880,000</b>

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

#### 6. RISK MANAGEMENT

The City participates in a State pool, the Michigan Municipal Liability and Property Pool (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.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 759,533	\$ -	\$ -	\$ 759,533
Construction in progress	619,372	-	597,617	21,755
Total capital assets, not being depreciated	<u>1,378,905</u>	-	<u>597,617</u>	<u>781,288</u>
<b>Capital assets, being depreciated</b>				
Buildings	2,251,133	-	-	2,251,133
Furniture and equipment and Improvements	5,788,391	302,153	-	6,090,544
Motor vehicles	5,116,796	268,245	109,284	5,275,757
Infrastructure	14,793,776	868,892	-	15,662,668
Total capital assets, being depreciated	<u>27,950,096</u>	<u>1,439,290</u>	<u>109,284</u>	<u>29,280,102</u>
Less accumulated depreciation for				
Buildings	1,248,989	58,403	-	1,307,392
Furniture and equipment and Improvements	3,598,120	177,810	-	3,775,930
Motor vehicles	3,015,982	315,325	97,119	3,234,188
Infrastructure	11,581,425	624,769	-	12,206,194
Total accumulated depreciation	<u>19,444,516</u>	<u>1,176,307</u>	<u>97,119</u>	<u>20,523,704</u>
<b>Net capital assets, being depreciated</b>	<u>8,505,580</u>	<u>262,983</u>	<u>12,165</u>	<u>8,756,398</u>
<b>Governmental Activities capital assets, net</b>	<b><u>\$9,884,485</u></b>	<b><u>\$262,983</u></b>	<b><u>\$609,782</u></b>	<b><u>\$9,537,686</u></b>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2021**

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 1,219,180	\$ -	\$ -	\$ 1,219,180
Construction in progress	284,025	970,300	284,025	970,300
Total capital assets, not being depreciated	1,503,205	970,300	284,025	2,189,480
<b>Capital assets being depreciated</b>				
Structures and improvements	56,962,349	1,680,711	-	58,643,060
Machinery, furniture, and equipment	5,299,962	195,112	10,133	5,484,941
Vehicles	876,519	-	128,966	747,553
Total capital assets, being depreciated	63,138,830	1,875,823	139,099	64,875,554
Less accumulated depreciation for				
Structures and improvements	16,468,977	1,112,763	-	17,581,740
Machinery, furniture, and equipment	4,652,357	112,446	10,133	4,754,670
Vehicles	391,619	131,394	128,966	394,047
Total accumulated depreciation	21,512,953	1,356,603	139,099	22,730,457
<b>Net capital assets, being depreciated</b>	41,625,877	519,220	-	42,145,097
<b>Business-type Activities capital assets, net</b>	<b>\$43,129,082</b>	<b>\$1,489,520</b>	<b>\$284,025</b>	<b>\$44,334,577</b>
<b>Component Unit Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$387,256	\$ -	\$ -	\$387,256
<b>Net capital assets, being depreciated</b>				
Machinery, furniture, and equipment	5,500	-	-	5,500
Accumulated depreciation	(5,500)	-	-	(5,500)
<b>Component Unit capital assets, net</b>	<b>\$387,256</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$387,256</b>

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

<b>Governmental Activities</b>	
General government	\$ 55,120
Public safety	166,428
Public works and streets	624,769
Culture and recreation	172,813
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	157,177
<b>Total depreciation expense - governmental activities</b>	<b>\$1,176,307</b>
<b>Business-type Activities</b>	
Dial-a-Ride	\$ 164,369
Sewer	299,663
Water	851,719
Theatre (nonmajor)	40,852
<b>Total depreciation expense - business- type activities</b>	<b>\$1,356,603</b>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### 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](http://www.mersofmich.com).

##### *Benefits Provided*

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

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2020):

Active plan members	42
Inactive employees entitled but not yet receiving benefits	11
Inactive employees or beneficiaries currently receiving benefits	<u>55</u>
Total	<u>108</u>

##### *Contributions*

The City is required to contribute at an actuarially determined rate, which for the current year was from 7.06% to 8.52% of annual covered payroll depending on position and classification. For divisions closed to new employees, the employer has monthly employer contributions of \$301 to \$38,239. 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, 2020, 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, 2021

The total pension liability in the December 31, 2020 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 the same as the prior year. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2021**

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2019	\$24,396,986	\$13,260,483	\$11,136,503
Changes for the Year:			
Service cost	293,389	-	293,389
Interest	1,817,522	-	1,817,522
Change in benefits	-	-	-
Differences between expected and actual experience	(275,543)	-	(275,543)
Change in assumptions	605,634	-	605,634
Contributions: employer	-	1,930,149	(1,930,149)
Contributions: employee	-	3,626	(3,626)
Net investment income	-	1,758,460	(1,758,460)
Benefit payments, including refunds	(1,257,837)	(1,257,837)	-
Administrative expense	-	(27,112)	27,112
Other changes	-	-	-
Net changes	1,183,165	2,407,286	(1,224,121)
Balance at December 31, 2020	\$25,580,151	\$15,667,769	\$9,912,382

### 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 higher (8.6%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$28,671,537	\$25,580,151	\$22,996,110
Fiduciary net position	15,667,769	15,667,769	15,667,769
Net pension liability	\$13,003,768	\$ 9,912,382	\$ 7,328,341

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

For the year ended June 30, 2021 the employer recognized pension expense of \$1,073,757. 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	\$ -	\$401,379
Differences in assumptions	855,276	-
Excess (deficit) investment returns	-	492,535
Contributions subsequent to the Measurement date*	740,768	-
Total	\$1,596,044	\$893,914

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

\* 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 2022.

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

2022	\$ 73,385
2023	211,487
2024	(178,309)
2025	(145,201)
Thereafter	-
Total	\$ (38,638)

#### 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, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Accrued employee benefits	\$441,315	\$ -	\$33,037	\$408,278	\$ -
<b>Total Governmental Activities</b>	<b>\$441,315</b>	<b>\$ -</b>	<b>\$33,037</b>	<b>\$408,278</b>	<b>\$ -</b>

#### 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.

	\$ 5,775,000	\$ -	\$ 125,000	\$ 5,650,000	\$ 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.

	6,585,000	-	410,000	6,175,000	480,000
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# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</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.	\$ 1,175,000	\$ -	\$ 50,000	\$ 1,125,000	\$ 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.	1,825,000	-	50,000	1,775,000	150,000
* \$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.	1,850,000	-	50,000	1,800,000	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.	2,600,000	-	75,000	2,525,000	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.	255,075	-	255,075	-	-
* \$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.	7,585,000	-	220,000	7,365,000	230,000
Subtotal long-term debt	27,650,075	-	1,235,075	26,415,000	1,160,000
Bond premiums	489,875	-	52,534	437,341	-
Accrued employee benefits	108,381	-	5,460	102,921	-
<b>Total Business-type Activities</b>	<b>\$28,248,331</b>	<b>\$ -</b>	<b>\$1,293,069</b>	<b>\$26,955,262</b>	<b>\$1,160,000</b>

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

Component Units	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>	Due Within One <u>Year</u>
Accrued employee benefits	14,834	227	-	15,061	-
<b>Total Long-term Debt - Reporting Entity</b>	<b>\$28,704,480</b>	<b>\$ 227</b>	<b>\$1,326,106</b>	<b>\$27,378,601</b>	<b>\$1,160,000</b>

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

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2021 are as follows:

Year Ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	1,435,000	768,513
2027-2033	7,515,000	3,052,246
2032-2038	7,045,000	1,581,995
2037-2043	4,830,000	444,641
2042-2048	505,000	8,206
<b>Total</b>	<b>\$26,415,000</b>	<b>\$9,387,909</b>

#### 10. CONTINGENT LIABILITIES

The City is a responsible party with respect to clean-up costs at the Cleveland Street Dump Site. The City is party to a Federal Consent Decree entered with the District Court during the fiscal year ended June 30, 2002. The terms of the Consent Decree limit the City's liability to a share of the clean-up costs associated with existing contamination as of the date of the decree. A reasonable estimate of the City's remaining potential liability cannot be determined at this time. The current Environmental Response millage levied to cover monitoring and due diligence costs will expire after the FY 22-23 and should be considered for renewal prior to expiration.

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 \$1,173,024 (32%) of wastewater sales and \$595,030 (20%) of water sales.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### 12. COMMITMENTS

At year-end the City had construction commitments of approximately \$479,000 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, 2021 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, 2021 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, 2021 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, 2021**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 577,000	\$ 617,500	\$ 625,008	\$ 7,508
Income taxes	2,450,000	2,200,000	2,233,093	33,093
Intergovernmental revenues				
Federal	-	89,000	89,896	896
State	854,500	856,100	899,447	43,347
Licenses and permits	5,500	57,750	63,833	6,083
Charges for services	1,434,000	2,432,000	2,433,679	1,679
Fines	24,000	20,500	17,388	(3,112)
Interest	60,000	3,000	14,687	11,687
Donations	50	50	-	(50)
Miscellaneous	136,500	132,500	136,354	3,854
<b>Total revenues</b>	5,541,550	6,408,400	6,513,385	104,985
<b>Expenditures</b>				
Current				
General government	1,844,900	2,417,027	2,051,408	365,619
Public safety	2,765,385	2,763,885	2,662,953	100,932
Public works and streets	223,500	203,500	194,615	8,885
Health and welfare	41,000	41,500	41,416	84
Community and economic development	52,575	98,075	86,058	12,017
Culture and recreation	7,150	7,150	7,147	3
Contribution to component unit	100,000	200,000	200,000	-
<b>Total expenditures</b>	5,034,510	5,731,137	5,243,597	487,540
<b>Revenues over (under) expenditures</b>	507,040	677,263	1,269,788	592,525
Other financing sources (uses)				
Transfers out	(880,000)	(780,000)	(780,000)	-
Total other financing sources (uses)	(880,000)	(780,000)	(780,000)	-
Net changes in fund balance	(372,960)	(102,737)	489,788	592,525
<b>Fund balance, beginning of year</b>	1,277,648	1,277,648	1,277,648	-
<b>Fund balance, end of year</b>	\$ 904,688	\$ 1,174,911	\$ 1,767,436	\$ 592,525

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

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

**Notes to schedule:**

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

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

**CITY OF IONIA**  
**PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	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	2,385,991	1,317,363	1,131,460	1,005,744	1,021,073	834,973
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, 2021**

<b>Expenditures</b>	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Current				
General government				
City Council	\$ 35,500	\$ 62,900	\$ 56,214	\$ 6,686
City Manager	357,814	360,971	296,283	64,688
Elections	11,200	12,200	10,194	2,006
Finance and administration	436,193	456,406	439,315	17,091
Income tax administration	107,127	114,800	105,058	9,742
Front office	174,516	184,700	172,023	12,677
Attorney	35,000	46,000	43,569	2,431
Assessor	48,100	48,100	47,441	659
Board of review	1,000	1,000	579	421
Data processing	117,000	117,000	77,333	39,667
Clerk	31,750	31,750	23,381	8,369
Building and grounds	193,800	202,800	132,917	69,883
Other offices	274,000	749,000	622,076	126,924
Cemetery	21,900	29,400	25,025	4,375
	1,844,900	2,417,027	2,051,408	365,619
Public safety				
Public safety	2,765,385	2,763,885	2,662,953	100,932
Public Works				
Street lights	223,500	203,500	194,615	8,885
Health and Welfare				
Ambulance	41,000	41,500	41,416	84
Community and economic development				
Planning and zoning	52,575	98,075	86,058	12,017
Culture and recreation				
Festivals and events	7,150	7,150	7,147	3
Contribution to component unit	100,000	200,000	200,000	-
<b>Total expenditures</b>	<b>\$ 5,034,510</b>	<b>\$ 5,731,137</b>	<b>\$ 5,243,597</b>	<b>\$ 487,540</b>

**CITY OF IONIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2021**

	<u>Special Revenue</u>					
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Solid Waste</u>	<u>Recreation</u>	<u>Drug Forfeiture</u>	<u>Public Safety Donations</u>
<b>Assets</b>						
Cash and pooled investments	\$ 190,833	\$ 500,424	\$ 46,524	\$ 67,242	\$ 6,043	\$ 10,312
Accounts receivable	161	-	79,760	-	-	-
Due from other governments	<u>133,229</u>	<u>47,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 324,223</u>	<u>\$ 548,111</u>	<u>\$ 126,284</u>	<u>\$ 67,242</u>	<u>\$ 6,043</u>	<u>\$ 10,312</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 295	\$ -	\$ 25,112	\$ 5,838	\$ -	\$ -
Accrued liabilities	5,906	5,605	353	7,219	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>6,201</u>	<u>5,605</u>	<u>25,465</u>	<u>13,057</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Permanent fund spendable						
Streets	318,022	542,506	-	-	-	-
Public safety	-	-	-	-	6,043	10,312
Solid waste	-	-	100,819	-	-	-
Recreation	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Public safety	-	-	-	-	-	-
Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,185</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>318,022</u>	<u>542,506</u>	<u>100,819</u>	<u>54,185</u>	<u>6,043</u>	<u>10,312</u>
<b>Total liabilities and fund balances</b>	<u>\$ 324,223</u>	<u>\$ 548,111</u>	<u>\$ 126,284</u>	<u>\$ 67,242</u>	<u>\$ 6,043</u>	<u>\$ 10,312</u>

<b>Capital Projects</b>							<b>Permanent</b>	
<b>Public Safety Vehicle</b>	<b>Parks Facilities Improvements</b>	<b>Sidewalk Program</b>	<b>Environmental Response</b>	<b>Rails to Trails Projects</b>	<b>Grant Projects</b>	<b>Cemetery Perpetual Care</b>	<b>Total</b>	
\$ 153,792	\$ 382,461	\$ 688	\$ 100,956	\$ 194	\$ 71,461	\$ 5,394	\$ 1,536,324	
-	883	-	-	-	-	-	80,804	
-	-	-	-	-	-	-	180,916	
<u>\$ 153,792</u>	<u>\$ 383,344</u>	<u>\$ 688</u>	<u>\$ 100,956</u>	<u>\$ 194</u>	<u>\$ 71,461</u>	<u>\$ 5,394</u>	<u>\$ 1,798,044</u>	
\$ -	\$ -	\$ -	\$ 2,026	\$ -	\$ 70,461	\$ -	\$ 103,732	
-	-	-	-	-	-	-	19,083	
-	883	-	-	-	-	-	883	
-	883	-	2,026	-	70,461	-	123,698	
-	-	-	-	-	-	5,200	5,200	
-	-	-	-	-	-	194	194	
-	-	-	-	-	-	-	860,528	
-	-	-	-	-	-	-	16,355	
-	-	-	-	-	-	-	100,819	
-	382,461	-	-	-	-	-	382,461	
-	-	688	98,930	194	1,000	-	100,812	
153,792	-	-	-	-	-	-	153,792	
-	-	-	-	-	-	-	54,185	
<u>153,792</u>	<u>382,461</u>	<u>688</u>	<u>98,930</u>	<u>194</u>	<u>1,000</u>	<u>5,394</u>	<u>1,674,346</u>	
<u>\$ 153,792</u>	<u>\$ 383,344</u>	<u>\$ 688</u>	<u>\$ 100,956</u>	<u>\$ 194</u>	<u>\$ 71,461</u>	<u>\$ 5,394</u>	<u>\$ 1,798,044</u>	

**CITY OF IONIA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue					
	Major Streets	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations
<b>Revenues</b>						
Taxes	\$ -	\$ 81,719	\$ 215,520	\$ -	\$ -	\$ -
Intergovernmental revenues						
State	813,666	291,231	-	-	-	-
Local	-	-	-	-	-	-
Contributions from component units	75,000	-	-	-	-	-
Charges for services	-	-	272,748	35,794	-	-
Interest	53	-	144	93	6	9
Donations	-	-	-	1,000	-	4,619
Miscellaneous	19,078	18,816	11,673	5,544	-	-
<b>Total revenues</b>	<u>907,797</u>	<u>391,766</u>	<u>500,085</u>	<u>42,431</u>	<u>6</u>	<u>4,628</u>
<b>Expenditures</b>						
Current						
Public safety	-	-	-	-	-	507
Public works and streets	873,874	380,865	487,921	-	-	-
Culture and recreation	-	-	-	339,623	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>873,874</u>	<u>380,865</u>	<u>487,921</u>	<u>339,623</u>	<u>-</u>	<u>507</u>
Revenues over (under) expenditure	<u>33,923</u>	<u>10,901</u>	<u>12,164</u>	<u>(297,192)</u>	<u>6</u>	<u>4,121</u>
Other financing sources (uses)						
Transfers in	-	250,000	-	250,000	-	-
Transfers out	(100,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(66,077)	260,901	12,164	(47,192)	6	4,121
<b>Fund balances, beginning of year</b>	<u>384,099</u>	<u>281,605</u>	<u>88,655</u>	<u>101,377</u>	<u>6,037</u>	<u>6,191</u>
<b>Fund balances, end of year</b>	<u>\$ 318,022</u>	<u>\$ 542,506</u>	<u>\$ 100,819</u>	<u>\$ 54,185</u>	<u>\$ 6,043</u>	<u>\$ 10,312</u>

<b>Capital Projects</b>							<b>Permanent</b>	
<b>Public Safety Vehicle</b>	<b>Parks Facilities Improvements</b>	<b>Sidewalk Program</b>	<b>Environmental Response</b>	<b>Rails to Trails Projects</b>	<b>Grant Projects</b>	<b>Cemetery Perpetual Care</b>	<b>Total</b>	
\$ -	\$ 107,755	\$ -	\$ 12,475	\$ -	\$ -	\$ -	\$ 417,469	
-	-	-	-	-	-	-	1,104,897	
45,000	-	-	-	-	-	-	45,000	
-	-	-	-	-	-	-	75,000	
-	-	-	-	-	-	-	308,542	
62	283	2	115	-	-	6	773	
-	-	-	-	-	-	-	5,619	
-	-	-	-	-	-	-	55,111	
<u>45,062</u>	<u>108,038</u>	<u>2</u>	<u>12,590</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>2,012,411</u>	
57,161	-	-	-	-	-	-	57,668	
-	-	-	-	-	-	-	1,742,660	
-	155,296	-	-	-	-	-	494,919	
-	-	7,563	69,355	-	-	-	76,918	
<u>57,161</u>	<u>155,296</u>	<u>7,563</u>	<u>69,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,372,165</u>	
<u>(12,099)</u>	<u>(47,258)</u>	<u>(7,561)</u>	<u>(56,765)</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>(359,754)</u>	
115,000	265,000	-	-	-	-	-	880,000	
-	-	-	-	-	-	-	(100,000)	
<u>115,000</u>	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,000</u>	
102,901	217,742	(7,561)	(56,765)	-	-	6	420,246	
<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>\$ 153,792</u>	<u>\$ 382,461</u>	<u>\$ 688</u>	<u>\$ 98,930</u>	<u>\$ 194</u>	<u>\$ 1,000</u>	<u>\$ 5,394</u>	<u>\$ 1,674,346</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 852,500	\$ 804,000	\$ 813,666	\$ 9,666
Contributions from component units	75,000	75,000	75,000	-
Interest and rents	200	200	53	(147)
Miscellaneous	17,000	17,000	19,078	2,078
<b>Total revenues</b>	944,700	896,200	907,797	11,597
<b>Expenditures</b>				
Current				
Public works and streets	914,900	929,950	873,874	56,076
Revenues over (under) expenditures	29,800	(33,750)	33,923	67,673
Other financing sources (uses)				
Transfers out	(150,000)	(100,000)	(100,000)	-
Net changes in fund balance	(120,200)	(133,750)	(66,077)	67,673
<b>Fund balance, beginning of year</b>	384,099	384,099	384,099	-
<b>Fund balance, end of year</b>	<u>\$ 263,899</u>	<u>\$ 250,349</u>	<u>\$ 318,022</u>	<u>\$ 67,673</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 78,000	\$ 78,000	\$ 81,719	\$ 3,719
Intergovernmental revenues				
State	305,150	290,000	291,231	1,231
Miscellaneous	16,200	16,200	18,816	2,616
<b>Total revenues</b>	399,350	384,200	391,766	7,566
<b>Expenditures</b>				
Current				
Public works and streets	814,000	428,000	380,865	47,135
Revenues over (under) expenditures	(414,650)	(43,800)	10,901	54,701
Other financing sources (uses)				
Transfers in	300,000	250,000	250,000	-
Net changes in fund balance	(114,650)	206,200	260,901	54,701
<b>Fund balance, beginning of year</b>	281,605	281,605	281,605	-
<b>Fund balance, end of year</b>	<u>\$ 166,955</u>	<u>\$ 487,805</u>	<u>\$ 542,506</u>	<u>\$ 54,701</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 195,600	\$ 214,500	\$ 215,520	\$ 1,020
Charges for services	260,500	275,500	272,748	(2,752)
Interest and rents	150	150	144	(6)
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>11,673</u>	<u>(327)</u>
<b>Total revenues</b>	468,250	502,150	500,085	(2,065)
<b>Expenditures</b>				
Current				
Public works and streets	<u>510,200</u>	<u>536,200</u>	<u>487,921</u>	<u>48,279</u>
Net changes in fund balance	(41,950)	(34,050)	12,164	46,214
<b>Fund balance, beginning of year</b>	<u>88,655</u>	<u>88,655</u>	<u>88,655</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 46,705</u>	<u>\$ 54,605</u>	<u>\$ 100,819</u>	<u>\$ 46,214</u>

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

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 84,000	\$ 33,800	\$ 35,794	\$ 1,994
Interest and rents	50	50	93	43
Donations	-	1,000	1,000	-
Miscellaneous	4,250	5,050	5,544	494
<b>Total revenues</b>	<b>88,300</b>	<b>39,900</b>	<b>42,431</b>	<b>2,531</b>
<b>Expenditures</b>				
Current				
Culture and recreation	383,500	369,350	339,623	29,727
Revenues over (under) expenditures	(295,200)	(329,450)	(297,192)	32,258
Other financing sources (uses)				
Transfers in	250,000	250,000	250,000	-
Net changes in fund balance	(45,200)	(79,450)	(47,192)	32,258
<b>Fund balance, beginning of year</b>	<b>101,377</b>	<b>101,377</b>	<b>101,377</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 56,177</b>	<b>\$ 21,927</b>	<b>\$ 54,185</b>	<b>\$ 32,258</b>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest and rents	\$ -	\$ -	\$ 6	\$ 6
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Total revenues</b>	1,000	1,000	6	(994)
<b>Expenditures</b>				
Current				
Public safety	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net changes in fund balance	-	-	6	6
<b>Fund balance, beginning of year</b>	<u>6,037</u>	<u>6,037</u>	<u>6,037</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,037</u>	<u>\$ 6,037</u>	<u>\$ 6,043</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest and rents	\$ 5	\$ 5	\$ 9	\$ 4
Donations	<u>5,000</u>	<u>5,000</u>	<u>4,619</u>	<u>(381)</u>
<b>Total revenues</b>	5,005	5,005	4,628	(377)
<b>Expenditures</b>				
Current				
Public safety	<u>5,000</u>	<u>5,000</u>	<u>507</u>	<u>4,493</u>
Net changes in fund balance	5	5	4,121	4,116
<b>Fund balance, beginning of year</b>	<u>6,191</u>	<u>6,191</u>	<u>6,191</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,196</u>	<u>\$ 6,196</u>	<u>\$ 10,312</u>	<u>\$ 4,116</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest and rents	10	10	62	52
<b>Total revenues</b>	45,010	45,010	45,062	52
<b>Expenditures</b>				
Current				
Public safety	65,000	65,000	57,161	7,839
Revenues over (under) expenditures	(19,990)	(19,990)	(12,099)	7,891
Other financing sources (uses)				
Transfers in	115,000	115,000	115,000	-
Net changes in fund balance	95,010	95,010	102,901	7,891
<b>Fund balance, beginning of year</b>	50,891	50,891	50,891	-
<b>Fund balance, end of year</b>	<u>\$ 145,901</u>	<u>\$ 145,901</u>	<u>\$ 153,792</u>	<u>\$ 7,891</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, 2021**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 97,000	\$ 105,200	\$ 107,755	\$ 2,555
Intergovernmental revenues				
State	1,525,000	-	-	-
Interest and rents	<u>100</u>	<u>100</u>	<u>283</u>	<u>183</u>
<b>Total revenues</b>	1,622,100	105,300	108,038	2,738
<b>Expenditures</b>				
Current				
Culture and recreation	<u>2,036,000</u>	<u>202,700</u>	<u>155,296</u>	<u>47,404</u>
Revenues over (under) expenditures	(413,900)	(97,400)	(47,258)	50,142
Other financing sources (uses)				
Transfers in	<u>365,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Net changes in fund balance	(48,900)	167,600	217,742	50,142
<b>Fund balance, beginning of year</b>	<u>164,719</u>	<u>164,719</u>	<u>164,719</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 115,819</u>	<u>\$ 332,319</u>	<u>\$ 382,461</u>	<u>\$ 50,142</u>

**CITY OF IONIA**

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

**JUNE 30, 2021**

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 155,945	\$ -	\$ 155,945
Accounts receivable	29	-	29
Capital assets			
Land	-	387,256	387,256
<b>Total assets</b>	<u>\$ 155,974</u>	<u>387,256</u>	<u>543,230</u>
<b>Deferred outflows pension related</b>	-	39,741	39,741
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 11,433	-	11,433
Accrued liabilities	3,268	-	3,268
Noncurrent liabilities			
Compensated absences	-	15,061	15,061
Net pension liability	-	246,818	246,818
<b>Total liabilities</b>	14,701	261,879	<u>276,580</u>
<b>Deferred inflows pension related</b>	-	22,258	<u>22,258</u>
<b>Fund balances</b>			
Unassigned	<u>141,273</u>	<u>(141,273)</u>	-
<b>Total liabilities and fund balances</b>	<u>\$ 155,974</u>		
<b>Net position (deficit)</b>			
Net investment in capital assets		387,256	387,256
Unrestricted (deficit)		<u>(103,123)</u>	<u>(103,123)</u>
<b>Total net position</b>		<u>\$ 284,133</u>	<u>\$ 284,133</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, 2021**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Activities</b>
<b>Revenues</b>			
Taxes	\$ 247,895	\$ -	\$ 247,895
Intergovernmental revenues			
Interest	123	-	123
Charges	1,120	-	1,120
Contributions from primary government	200,000	-	200,000
Miscellaneous	27,336	-	27,336
<b>Total revenues</b>	<b>476,474</b>	<b>-</b>	<b>476,474</b>
<b>Expenditures/expenses</b>			
Current			
Personnel services	66,820	(23,310)	43,510
Contractual services	19,880	-	19,880
Benefits	44,908	-	44,908
Materials and supplies	13,411	-	13,411
Utilities	6,616	-	6,616
Promotion	20,807	-	20,807
Contributions to primary government	196,023	-	196,023
<b>Total expenditures/expenses</b>	<b>368,465</b>	<b>(23,311)</b>	<b>345,154</b>
Revenues over (under) expenditures/expenses	108,009	(23,311)	131,320
Net changes in fund balances	108,009	(108,009)	
Change in net position		(131,320)	131,320
<b>Fund balances/net position, beginning of year</b>	<b>33,264</b>		<b>152,813</b>
<b>Fund balances/net position, end of year</b>	<b>\$ 141,273</b>		<b>\$ 284,133</b>

# CITY OF IONIA

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

JUNE 30, 2021

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	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 180,965	\$ -	\$ 180,965
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	180,965	(180,965)	-
<b>Total liabilities and fund balances</b>	<u>\$ 180,965</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 180,965</u>	<u>\$ 180,965</u>

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Activities</b>
<b>Revenues</b>			
Taxes	\$ (2,628)	\$ -	\$ (2,628)
Grants	6,960	-	6,960
Interest	182	-	182
<b>Total revenues</b>	4,514	-	4,514
<b>Expenditures/expenses</b>			
Current			
Miscellaneous	14,885	-	14,885
<b>Total expenditures/expenses</b>	14,885	-	14,885
Net changes in fund balances	(10,371)	10,371	
Change in net position		10,371	(10,371)
<b>Fund balances/net position, beginning of year</b>	191,336		191,336
<b>Fund balances/net position, end of year</b>	\$ 180,965		\$ 180,965

**CITY OF IONIA**

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

**JUNE 30, 2021**

	<b>Governmental Fund Type</b>		<b>Statement of</b>
	<b>General Fund</b>	<b>Adjustments</b>	<b>Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 267,118	\$ -	\$ 267,118
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	267,118	(267,118)	-
<b>Total liabilities and fund balances</b>	\$ 267,118		
<b>Net position</b>			
Unrestricted		\$ 267,118	\$ 267,118

**CITY OF IONIA**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Revenues</b>			
Taxes	\$ 63,339	\$ -	\$ 63,339
Interest	<u>266</u>	<u>-</u>	<u>266</u>
<b>Total revenues/expenses</b>	63,605	-	63,605
<b>Expenditures</b>			
Current			
Contractual	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	63,605	(63,605)	
Change in net position		(63,605)	63,605
<b>Fund balances/net position, beginning of year</b>	<u>203,513</u>		<u>203,513</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 267,118</u>		<u>\$ 267,118</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, 2021**

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	<u>7/1/20 to</u> <u>9/30/2020</u>	<u>10/1/20 to</u> <u>6/30/2021</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 9,058	\$ 38,485	\$ 47,543
Contract fares	-	2,049	2,049
JARC fares	3,797	14,105	17,902
Property tax levy	70,016	9,087	79,103
Local participation	12,000	12,000	24,000
Tower rental and central dispatch fees	1,968	8,726	10,694
Interest income	152	432	584
Miscellaneous	-	-	-
Sale of capital assets	5,025	9,150	14,175
	<hr/>	<hr/>	<hr/>
<b>Total local revenues</b>	<b>\$ 102,016</b>	<b>\$ 94,034</b>	<b>\$ 196,050</b>

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

---

	<u>10/1/19 to</u> <u>6/30/2020</u>	<u>7/1/20 to</u> <u>9/30/2020</u>	<u>Total</u>
<b>Local revenue</b>			
Demand response (farebox)			
Regular service	\$ 38,939	\$ 9,058	\$ 47,997
Contract fares	2,795	-	2,795
JARC fares	10,114	3,797	13,911
Property tax levy	7,592	70,016	77,608
Local participation	11,250	12,000	23,250
Tower rental fees	7,127	1,968	9,095
Interest income	330	152	482
Miscellaneous	-	-	-
Sale of capital assets	6,925	5,025	11,950
	<hr/>	<hr/>	<hr/>
<b>Total local revenues</b>	<b>\$ 85,072</b>	<b>\$ 102,016</b>	<b>\$ 187,088</b>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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 - 2020 (PY deferred)	20.509	2017-0071/P18	\$ -	\$ 24,472	\$ 24,472	\$ -	\$ -	\$ (24,472)	
Operating assistance - section 5311 - 2020 (receipt)	20.509	2017-0071/P18	178,236	41,987	41,987	-	-	136,249	
Operating assistance - section 5311 - 2020 (accrual)	20.509	2017-0071/P18	-	6,822	6,822	-	64,646	(71,468)	
Operating assistance - section 5311 - 2021 (receipt)	20.509	2017-0071/P21	178,470	89,235	89,235	-	-	89,235	
Operating assistance - section 5311 - 2021 (accrual)	20.509	2017-0071/P21	-	8,939	8,939	-	-	(8,939)	
Operating assistance - section 5311 - 2021 (receipt)	20.509	2017-0071/P22	-	42,982	42,982	-	-	(42,982)	
CARES Act - section 5311 - 2020 (PY accrual)	20.509	2017-0071/P19	-	(20,994)	(20,994)	-	20,994	-	
CARES Act - section 5311 - 2020 (receipt)	20.509	2017-0071/P19	41,987	47,131	47,131	-	-	(5,144)	
Operating assistance - section 5311 - 2020 JARC (PY accrual)	20.516	2017-0071/P14	-	(58,834)	(29,417)	(29,417)	-	58,834	
Operating assistance - section 5311 - 2020 JARC (receipt)	20.516	2017-0071/P14	168,500	91,944	45,972	45,972	123,830	(47,274)	
Operating assistance - section 5311 - 2021 JARC (receipt)	20.516	2017-0071/P19	-	74,972	37,486	37,486	-	(74,972)	
Operating assistance - section 5311 - 2021 JARC (accrual)	20.516	2017-0071/P19	168,500	40,250	20,125	20,125	-	128,250	
RTAP funding (receipt)	N/A		-	25	25	-	-	(25)	
Capital grant - section 5311 - FY 2019 capital (receipt)	20.509	2017-0071/P16	22,500	5,626	4,501	1,125	-	(5,626)	
<b>Total passed through Michigan Department of Transportation</b>			<b>758,193</b>	<b>394,557</b>	<b>319,266</b>	<b>75,291</b>	<b>-</b>	<b>231,970</b>	<b>131,666</b>
Michigan Department of Transportation									
Operating assistance - Act 51 (reconciled)	N/A	Prior year	-	(573)	-	(573)	-	573	
Operating assistance - Act 51 (PY accrual)	N/A	FY2019	-	(10,608)	-	(10,608)	-	10,608	
Operating assistance - Act 51 (accrual)	N/A	FY2019	-	10,608	-	10,608	-	(10,608)	
Operating assistance - Act 51 (receipt)	N/A	FY2020	-	51,761	-	51,761	-	(51,761)	
Operating assistance - Act 51 (accrual)	N/A	FY2020	-	8,373	-	8,373	-	(8,373)	
Operating assistance - Act 51 (receipt)	N/A	FY2021	-	155,295	-	155,295	-	(155,295)	
Operating assistance - Act 51 (accrual)	N/A	FY2021	-	10,974	-	10,974	-	(10,974)	
Commission on Aging Contract - 2020 (PY accrual)	N/A	2017-0071/P15	50,356	(2,009)	-	(2,009)	5,376	46,989	
Commission on Aging Contract - 2020 (receipt)	N/A	2017-0071/P15	-	2,009	-	2,009	-	(2,009)	
Commission on Aging Contract - 2021 (receipt)	N/A	2017-0071/P15	-	23,168	-	23,168	-	(23,168)	
Commission on Aging Contract - 2021 (accrual)	N/A	2017-0071/P15	-	6,294	-	6,294	-	(6,294)	
<b>Total Operating Assistance</b>			<b>\$ 50,356</b>	<b>255,292</b>	<b>-</b>	<b>255,292</b>	<b>\$ 5,376</b>	<b>\$ (210,312)</b>	
<b>Total</b>				<b>\$ 649,849</b>	<b>\$ 319,266</b>	<b>\$ 330,583</b>	<b>\$ -</b>		

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF STATE AND FEDERAL AWARDS (2A)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Grant Number</u>	<u>7/1/20 to 9/30/2020</u>	<u>10/1/20 to 6/30/2021</u>	<u>Total</u>
<b>Michigan Department of Transportation</b>				
Operating assistance - Act 51 (reconciled)	Prior year	\$ -	\$ (573)	\$ (573)
Operating assistance - Act 51 (PY accrual)	FY2019	(10,608)	-	(10,608)
Operating assistance - Act 51 (accrual)	FY2019	10,608	-	10,608
Operating assistance - Act 51 (receipt)	FY2020	51,761	-	51,761
Operating assistance - Act 51 (accrual)	FY2020	-	8,373	8,373
Operating assistance - Act 51 (receipt)	FY2021	-	155,295	155,295
Operating assistance - Act 51 (accrual)	FY2021	-	10,974	10,974
Commission on Aging Contract - 2020 (PY accrual)	2017-0071/P15	(2,009)	-	(2,009)
Commission on Aging Contract - 2020 (receipt)	2017-0071/P15	2,009	-	2,009
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15	-	23,168	23,168
Commission on Aging Contract - 2021 (accrual)	2017-0071/P15	-	6,294	6,294
Operating assistance - section 5311 - 2020 JARC (PY accrual)	2017-0071/P14	(29,417)	-	(29,417)
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	24,910	21,062	45,972
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	-	37,486	37,486
Operating assistance - section 5311 - 2021 JARC (accrual)	2017-0071/P19	-	20,125	20,125
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	-	1,125	1,125
<b>Total Michigan Department of Transportation</b>		<u>47,254</u>	<u>283,329</u>	<u>330,583</u>
<b>Federal grants</b>				
Operating assistance - section 5311 - 2020 (PY deferred)	2017-0071/P18	24,472	-	24,472
Operating assistance - section 5311 - 2020 (receipt)	2017-0071/P18	41,987	-	41,987
Operating assistance - section 5311 - 2020 (accrual)	2017-0071/P18	-	6,822	6,822
Operating assistance - section 5311 - 2021 (receipt)	2017-0071/P21	-	89,235	89,235
Operating assistance - section 5311 - 2021 (accrual)	2017-0071/P21	-	8,939	8,939
Operating assistance - section 5311 - 2021 (receipt)	2017-0071/P22	-	42,982	42,982
CARES Act - section 5311 - 2020 (PY accrual)	2017-0071/P19	(20,994)	-	(20,994)
CARES Act - section 5311 - 2020 (receipt)	2017-0071/P19	-	47,131	47,131
Operating assistance - section 5311 - 2020 JARC (PY accrual)	2017-0071/P14	(29,417)	-	(29,417)
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	24,910	21,062	45,972
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	-	37,486	37,486
Operating assistance - section 5311 - 2021 JARC (accrual)	2017-0071/P19	-	20,125	20,125
RTAP funding (receipt)		-	25	25
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	-	4,501	4,501
<b>Total federal grants</b>		<u>40,958</u>	<u>278,308</u>	<u>319,266</u>
<b>Total</b>		<u>\$ 88,212</u>	<u>\$ 561,637</u>	<u>\$ 649,849</u>

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

		<u>10/1/19 to</u> <u>6/30/2020</u>	<u>7/1/20 to</u> <u>9/30/2020</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - Act 51 (reconciled)	FY2017	(680)	-	(680)
Operating assistance - Act 51 (PY accrual)	FY2019	-	(10,608)	(10,608)
Operating assistance - Act 51 (accrual)	FY2019	10,608	10,608	21,216
Operating assistance - Act 51 (receipt)	FY2020	155,295	51,761	207,056
Commission on Aging Contract - 2020 (receipt)	2017-0071/P15	12,589	-	12,589
Commission on Aging Contract - 2020 (accrual)	2017-0071/P15	2,009	-	2,009
Commission on Aging Contract - 2020 (accrual)	2017-0071/P15	-	(2,009)	(2,009)
Commission on Aging Contract - 2020 (accrual)	2017-0071/P15	-	2,009	2,009
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	22,636	-	22,636
Operating assistance - section 5311 - 2020 JARC (PY accrual)	2017-0071/P14	-	(29,417)	(29,417)
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	38,278	24,910	63,188
Operating assistance - section 5311 - 2020 JARC (accrual)	2017-0071/P14	<u>29,417</u>	<u>-</u>	<u>29,417</u>
Total Michigan Department of Transportation		<u>270,152</u>	<u>47,254</u>	<u>317,406</u>
Federal grants				
Operating assistance - section 5311 - 2017 (reconciled)	2017-0071/P1	(3,703)	-	(3,703)
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	22,131	-	22,131
Operating assistance - section 5311 - 2020 (PY deferred)	2017-0071/P18	-	24,472	24,472
Operating assistance - section 5311 - 2020 (receipt)	2017-0071/P18	89,118	41,987	131,105
Operating assistance - section 5311 - 2020 (deferred)	2017-0071/P18	(24,472)	-	(24,472)
CARES Act - section 5311 - 2020 (PY accrual)	2017-0071/P19	-	(20,994)	(20,994)
CARES Act - section 5311 - 2020 (accrual)	2017-0071/P19	20,994	-	20,994
Operating assistance - section 5311 - 2019 JARC (receipt)	2017-0071/P9	22,636	-	22,636
Operating assistance - section 5311 - 2020 JARC (PY accrual)	2017-0071/P14	-	(29,417)	(29,417)
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	38,278	24,910	63,188
Operating assistance - section 5311 - 2020 JARC (accrual)	2017-0071/P14	29,417	-	29,417
RTAP (receipt)	2017-0071/P14	<u>1,468</u>	<u>-</u>	<u>1,468</u>
Total federal grants		<u>195,867</u>	<u>40,958</u>	<u>236,825</u>
<b>Total</b>		<u>\$ 466,019</u>	<u>\$ 88,212</u>	<u>\$ 554,231</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u><b>Total</b></u>
<b>Local revenue</b>	
Demand response (farebox)	
Regular service	\$ 47,997
School services	2,795
Property tax levy	77,608
Local participation	23,250
Tower rental and central dispatch fees	9,095
Interest income	482
Sale of capital assets	<u>11,950</u>
<b>Total local revenues</b>	<u>173,177</u>
<b>State and Federal revenue</b>	
Michigan Department of Transportation	
Formula operating assistance (Act 51) - FY20	<u>207,056</u>
Total Michigan Department of Transportation	<u>207,056</u>
Federal grants	
Section 5311 grant 2017-71/P13 - 2019 operating	131,105
RTAP funding receipts	<u>1,468</u>
Total federal grants	<u>132,573</u>
<b>Total</b>	<u><u>\$ 512,806</u></u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Nonurban</u>	<u>JARC</u>	<u>Specialized Services</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 266,603	\$ 76,353	\$ -	\$ 342,956
Fringe benefits	72,622	16,670	-	89,292
Pension - defined contribution (457 plan)	3,342	875	-	4,217
Pension - defined benefit	31,742	8,088	-	39,830
Services				
Other services	105,135	68,340	29,462	202,937
Materials and supplies				
Fuel	23,966	7,385	-	31,351
Other materials and supplies	2,849	1,576	-	4,425
Casualty and liability costs				
Insurance	5,252	1,308	-	6,560
Utilities	26,586	3,396	-	29,982
Miscellaneous	1,560	84	-	1,644
Depreciation	<u>164,368</u>	<u>-</u>	<u>-</u>	<u>164,368</u>
<b>Total operating expenses</b>	<u>\$ 704,025</u>	<u>\$ 184,075</u>	<u>\$ 29,462</u>	<u>\$ 917,562</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	\$ 28,903	
GASB 68/GASB 71 adjustments to pension expense	<u>10,927</u>	Remove as ineligible expense
<b>Defined benefit plan net pension expense</b>	<u>\$ 39,830</u>	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, 2021**

<b>Expenses</b>	<b>Nonurban</b>			<b>Operating assistance - section 5311 - JARC 2017-0071/P14</b>		
	<b>7/1/20 to</b>	<b>10/1/20 to</b>	<b>Total</b>	<b>7/1/20 to</b>	<b>10/1/20 to</b>	<b>Total</b>
	<b>9/30/2020</b>	<b>6/30/2021</b>		<b>9/30/2020</b>	<b>6/30/2021</b>	
Labor	\$ 71,135	\$ 195,468	\$ 266,603	\$ 21,248	\$ -	\$ 21,248
Fringe benefits	9,469	63,153	72,622	2,828	-	2,828
Pension	7,384	27,700	35,084	2,206	-	2,206
Service	34,442	70,693	105,135	24,123	-	24,123
Materials and supplies	4,925	21,890	26,815	1,471	-	1,471
Casualty and liability costs	-	5,252	5,252	-	-	-
Utilities	3,815	22,771	26,586	737	-	737
Miscellaneous	10	1,550	1,560	3	-	3
Depreciation	40,810	123,558	164,368	-	-	-
<b>Total expenses</b>	<b>\$ 171,990</b>	<b>\$ 532,035</b>	<b>\$ 704,025</b>	<b>\$ 52,616</b>	<b>\$ -</b>	<b>\$ 52,616</b>

<b>Expenses</b>	<b>Operating assistance - section 5311 - JARC 2017-0071/P19</b>			<b>Specialized Services 2017-0071/P15</b>		
	<b>7/1/20 to</b>	<b>10/1/20 to</b>	<b>Total</b>	<b>7/1/20 to</b>	<b>10/1/20 to</b>	<b>Total</b>
	<b>9/30/2020</b>	<b>6/30/2021</b>		<b>9/30/2020</b>	<b>6/30/2021</b>	
Labor	\$ -	\$ 55,105	\$ 55,105	\$ -	\$ -	\$ -
Fringe benefits	-	13,842	13,842	-	-	-
Pension	-	6,757	6,757	-	-	-
Service	-	44,217	44,217	10,565	-	10,565
Materials and supplies	-	7,490	7,490	-	-	-
Casualty and liability costs	-	1,308	1,308	-	-	-
Utilities	-	2,659	2,659	-	-	-
Miscellaneous	-	81	81	-	-	-
Depreciation	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 131,459</b>	<b>\$ 131,459</b>	<b>\$ 10,565</b>	<b>\$ -</b>	<b>\$ 10,565</b>

<b>Expenses</b>	<b>Specialized Services 2017-0071/P15</b>		
	<b>7/1/20 to</b>	<b>10/1/20 to</b>	<b>Total</b>
	<b>9/30/2020</b>	<b>6/30/2021</b>	
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	-	18,897	18,897
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 18,897</b>	<b>\$ 18,897</b>



**CITY OF IONIA**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 223,503	\$ 15,870	\$ 59,071	\$ 298,444
Fringe benefits	55,312	1,448	6,521	63,281
Pension	-	-	3,910	3,910
Services				
Audit costs	-	-	3,300	3,300
Other services	1,637	27,974	46,953	76,564
Materials and supplies				
Fuel	23,206	-	-	23,206
Other materials and supplies	5,876	36	1,728	7,640
Insurance				
Liability	5,726	-	703	6,429
Other	-	-	-	-
Utilities	3,093	-	29,350	32,443
Miscellaneous	351	-	(351)	-
Depreciation	-	-	159,430	159,430
<b>Total operating expenses</b>	<u>\$ 318,704</u>	<u>\$ 45,328</u>	<u>\$ 310,615</u>	<u>674,647</u>
<b>Ineligible expenses</b>				
Ineligible depreciation	\$ -	\$ -	\$ 158,304	158,304
Expense associated with rentals	-	-	3,055	3,055
Ineligible (eligible) defined benefit pension*	-	-	(23,157)	(23,157)
Ineligible portion of association dues	-	-	130	130
RTAP	-	-	853	853
<b>Total ineligible expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,185</u>	<u>139,185</u>
<b>Total eligible expenses</b>				<u>\$ 535,462</u>

\*The June 30, 2020 year end GASB 68 adjustment resulted in a decrease to the pension expense of \$23,157

# CITY OF IONIA

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
<b>Operating expenses</b>				
Labor				
Salaries and wages	\$ 56,226	\$ 4,145	\$ 26,728	\$ 87,099
Fringe benefits	13,901	378	3,753	18,032
Pension		-	8,641	8,641
Services				
Audit costs	-	-	-	-
Other services	52,563	7,386	10,930	70,879
Materials and supplies				
Fuel	6,427	-	-	6,427
Other materials and supplies	1,794	8	76	1,878
Insurance				
Liability	1,308	-	-	1,308
Other	-	-	-	-
Utilities	802	-	2,977	3,779
Miscellaneous	77	-	-	77
Depreciation	-	-	-	-
<b>Total operating expenses</b>	<u>\$ 133,098</u>	<u>\$ 11,917</u>	<u>\$ 53,105</u>	<u>198,120</u>
<b>Ineligible expenses</b>				
JARC Farebox revenue	<u>13,911</u>	<u>-</u>	<u>-</u>	<u>13,911</u>
<b>Total ineligible expenses</b>	<u>\$ 13,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,911</u>
<b>Total eligible expenses</b>				<u>\$ 184,209</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**OPERATING ASSISTANCE CALCULATION (5)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	<u>Nonurban</u>
<b>State eligible expenses</b>	
Labor	\$ 298,444
Fringe benefits	61,821
Pension	5,370
Service	79,864
Materials and supplies	30,846
Casualty and liability costs	6,429
Utilities	32,443
Miscellaneous	2,232
Depreciation	<u>157,198</u>
<b>Total expenses</b>	<u>674,647</u>
<b>Less ineligible expenses</b>	
Depreciation	158,304
Expense associated with rentals	3,055
Ineligible (eligible) defined benefit pension	(23,157)
Ineligible portion of association dues	130
Federal grants - RTAP	<u>853</u>
<b>Total ineligible expenses</b>	<u>139,185</u>
<b>State eligible expenses</b>	<u>\$ 535,462</u>
<b>State operating assistance - 42.0509%</b>	<u>\$ 225,167</u>
<b>Federal eligible expenses</b>	
State eligible expenses	\$ 535,462
Less additional federal ineligible expenses	
Audit costs	<u>3,300</u>
<b>Federal eligible expenses</b>	<u>\$ 532,162</u>
<b>Setion 5311 reimbursement - 18.0% quarters 1,2 36% quarters 3,4</b>	<u>\$ 143,684</u>

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONFINANCIAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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<b><u>NONURBAN REGULAR SERVICE</u></b>	<b><u>Weekday</u></b>	<b><u>Saturday</u></b>	<b><u>Sunday</u></b>	<b><u>Total</u></b>
Vehicle miles	<u>106,581</u>	<u>3,288</u>	<u>-</u>	<u>109,869</u>
Vehicle hours	<u>8,698</u>	<u>304</u>	<u>-</u>	<u>9,002</u>
<b><u>JOB ACCESS REVERSE COMMUTE (JARC)</u></b>				
Vehicle miles	<u>39,720</u>	<u>648</u>	<u>-</u>	<u>40,368</u>
Vehicle hours	<u>2,674</u>	<u>114</u>	<u>-</u>	<u>2,788</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 25, 2021

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 25, 2021.

#### **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.

*Ordebold Haefner LLC*