



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF IONIA
TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Position – Custodial Funds	21
Statement of Changes in Fiduciary Net Position – Custodial Funds	22
Notes to Financial Statements	23-43
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	45
Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Other Ratios	46
Schedule of Employer Contributions	47
Combining and Individual Fund Statements and Schedules	
General Fund	
Schedule of Expenditures - Budget and Actual	49
Nonmajor Governmental Funds	
Combining Balance Sheet	50-51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	52-53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Streets Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Streets Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Solid Waste Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Recreation Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Drug Forfeiture Fund	58

CITY OF IONIA

TABLE OF CONTENTS

	<u>PAGE</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Safety Donations Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Safety Vehicle Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Parks Facilities Improvements	61
Component Units	
Balance Sheet/Statement of Net Position - Downtown Development Authority	62
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities - Downtown Development Authority	63
Balance Sheet/Statement of Net Position - Local Development Finance Authority	64
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities - Local Development Finance Authority	65
Balance Sheet/Statement of Net Position - Brownfield Redevelopment Authority	66
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities - Brownfield Redevelopment Authority	67
DIAL-A-RIDE TRANSIT SCHEDULES SECTION	
Schedule of Local Revenues (1 and 1A)	69
Schedule of Expenditures of State and Federal Awards (2)	70
Schedule of State and Federal Awards (2A)	71
Schedule of State and Federal Awards (2B)	72
Schedule of Nonurban Regular Service Revenues (4R)	73
Schedule of Operating and Contract Expenses (3)	74
Schedule of Operating Expenses (3A)	75
Schedule of Operating Expenses (3B)	76
Operating Assistance Calculation (5)	77
Schedule of Nonfinancial Information	78
INTERNAL CONTROL AND COMPLIANCE	
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 <i>Government Auditing Standards</i>	79-80



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INDEPENDENT AUDITORS' REPORT

November 30, 2022

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ionia, Michigan (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the required supplementary information on pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules 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, 2022, 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, 2022, 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, 2022, and the Schedule of Nonfinancial Information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis



As management for the City of Ionia, we offer readers of the City's financial statements this narrative of the financial activities of the City for the fiscal year ended June 30, 2022. 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 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.
- 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 \$31,209,440 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 6,960,324	\$ 4,125,524	\$ 7,164,022	\$ 6,868,791	\$14,124,346	\$10,994,315
Capital assets	8,919,717	9,537,686	44,728,472	44,334,577	53,648,189	53,872,263
Total assets	15,880,041	13,663,210	51,892,494	51,203,368	67,772,535	64,866,578
Deferred outflows	2,350,717	1,330,622	396,719	290,596	2,747,436	1,621,218
Current and other liabilities	701,034	487,237	2,906,737	2,334,323	3,607,771	2,821,560
Noncurrent liabilities	8,301,256	8,672,230	25,769,430	27,196,874	34,070,686	35,869,104
Total liabilities	9,002,290	9,159,467	28,676,167	29,531,197	37,678,457	38,690,664
Deferred inflows	1,455,833	745,256	176,241	126,400	1,632,074	871,656
Net position						
Net investment in capital assets	8,919,717	9,537,686	19,042,671	17,555,829	27,962,388	27,093,515
Restricted	2,186,482	1,466,369	-	-	2,186,482	1,466,369
Unrestricted (deficit)	(3,333,564)	(5,914,946)	4,394,134	4,280,538	1,060,570	(1,634,408)
Total net position	\$7,772,635	\$5,089,109	\$23,436,805	\$21,836,367	\$31,209,440	\$26,925,476

Total net position for the City increased by \$4,283,964 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$3,340,785	\$3,014,497	\$6,740,025	\$ 6,811,279	\$10,080,810	\$ 9,825,776
Operating grants and contributions	1,383,997	1,357,753	972,093	824,097	2,356,090	2,181,850
Capital grants and contributions	28,279	46,673	9,746	5,626	38,025	52,299
General revenues						
Property taxes	1,291,758	960,758	113,895	79,103	1,405,653	1,039,861
Income taxes	2,555,831	2,233,093	-	-	2,555,831	2,233,093
Other governmental sources	1,179,120	897,774	-	-	1,179,120	897,774
Interest	13,303	15,248	3,842	4,858	17,145	20,106
Other	29,697	-	-	-	29,697	-
Total revenues	9,822,770	8,525,796	7,839,601	7,724,963	17,662,371	16,250,759
Expenses						
General government	2,322,799	2,209,556	-	-	2,322,799	2,209,556
Public safety	2,423,435	2,259,365	-	-	2,423,435	2,259,365
Public works	1,789,982	2,119,517	-	-	1,789,982	2,119,517
Culture and recreation	603,028	431,923	-	-	603,028	431,923
Dial-a-Ride	-	-	786,473	917,562	786,473	917,562
Sewer	-	-	2,744,175	2,889,007	2,744,175	2,889,007
Water	-	-	2,368,927	2,584,221	2,368,927	2,584,221
Theatre	-	-	339,588	209,936	339,588	209,936
Total expenses	7,139,244	7,020,361	6,239,163	6,600,726	13,378,407	13,621,087
Increase (decrease) before transfers	2,683,526	1,505,435	1,600,438	1,124,237	4,283,964	2,629,672
Transfers	-	-	-	-	-	-
Increase (decrease) in net Position	2,683,526	1,505,435	1,600,438	1,124,237	4,283,964	2,629,672
Net position - beginning of year	5,089,109	3,583,674	21,836,367	20,712,130	26,925,476	24,295,804
Net position - end of year	\$7,772,635	\$5,089,109	\$23,436,805	\$21,836,367	\$31,209,440	\$26,925,476

Governmental Activities. During the year, the City invested \$2,423,435 or 34% of governmental activities expenses in Public Safety. Public Works, which includes major and local streets was \$1,789,982 or 25% of governmental activities expenses while general government, culture and recreation, and interest on long-term debt made up the remaining 41% of governmental activities expenses.

Business-type Activities. Business-type activities increased the City's net position by \$1,600,438 primarily due to controlled sewer and water expenditures.

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 \$5,709,547, an increase of \$2,267,765 in comparison with the prior year. Of the \$5,709,547, \$1,587,748 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 \$1,587,748. 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 29% of total General fund expenditures. The fund balance of the City's General fund increased by \$1,420,919 during the current fiscal year primarily as a result of increased property taxes, income taxes Marijuana taxes and state shared revenue.

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 \$4,394,134. The enterprise funds reported an increase in net position for the year of \$1,600,438. 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.
- Income tax revenues exceeded estimated due to the decline in 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, 2022, amounted to \$53,648,189 (net of accumulated depreciation). Significant additions were made due to continued investment in the City's streets, water and sewer infrastructure. The City's capital assets (net of depreciation) are summarized as follows:

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$ 759,533	\$ 1,219,180	\$ 1,978,713
Construction in progress	20,865	1,220,776	1,241,641
Buildings, equipment and Infrastructure	8,139,319	42,288,516	50,427,835
Total	\$8,919,717	\$44,728,472	\$53,648,189

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 \$34,070,686 summarized as follows:

Long-term Debt			
	Governmental Activities	Business-type Activities	Total
Accrued employee benefits	\$ 422,556	\$ 91,613	\$ 514,169
Net pension liability	7,878,700	1,142,500	9,021,200
Bond premium	-	1,145,317	1,145,317
Bonds payable	-	23,390,000	23,390,000
Total	\$8,301,256	\$25,769,430	\$34,070,686

Ionia County issued \$6,250,000 in water and sewer refunding bonds to refund the City's 2008-2011 bonds during the year. The City made debt principal payments totaling \$1,160,000 during the year. Additional information on the City's long-term debt can be found in Note 9 of these financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2022-23 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 2022 to support 2022-23 was 8.9760 mills, which is a decrease from 8.9855 mills in FY21-22.
- Sanitary Sewer Utility charges were increased for FY 22-23. The sanitary sewer commodity charge increased from \$4.20 per 1,000 gallons to \$4.30 per 1,000 gallons. The water debt service charge increased from \$28.00/REU/quarter to \$30.00/REU/quarter. Water utility charges were increased for FY 22-23. The water commodity charge increased from \$3.80 per 1,000 gallons to \$4.00 per 1,000 gallons.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF IONIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units		
				Downtown Development Authority	Local	
	Governmental Activities	Business-Type Activities	Total		Development Finance Authority	Brownfield Redevelopment Authority
Assets						
Cash and pooled investments	\$ 5,600,269	\$ 5,263,296	\$ 10,863,565	\$ 138,664	\$ 84,024	\$ 156,453
Accounts receivable	576,753	1,488,055	2,064,808	27	-	-
Prepaid items	97,079	1,660	98,739	-	-	-
Due from other governments	445,759	348,445	794,204	-	-	-
Inventory	-	62,566	62,566	-	-	-
Noncurrent						
Lease receivable	240,464	-	240,464	-	-	-
Land	759,533	1,219,180	1,978,713	387,256	-	-
Construction in progress	20,865	1,220,776	1,241,641	-	-	-
Depreciable capital assets, net	8,139,319	42,288,516	50,427,835	-	-	-
Total assets	15,880,041	51,892,494	67,772,535	525,947	84,024	156,453
Deferred outflows of resources						
Deferred loss on refunding	-	55,838	55,838	-	-	-
Deferred outflows pension related	2,350,717	340,881	2,691,598	73,044	-	-
Total deferred outflows of resources	2,350,717	396,719	2,747,436	73,044	-	-
Liabilities						
Accounts payable	466,703	54,904	521,607	8,782	-	-
Accrued liabilities	233,448	462,342	695,790	3,956	-	-
Unearned revenue	883	1,174,491	1,175,374	-	-	-
Due to other governments	-	-	-	119,154	84,024	128,839
Debt due within one year	-	1,215,000	1,215,000	-	-	-
Noncurrent liabilities						
Compensated absences	422,556	91,613	514,169	15,385	-	-
Net pension liability	7,878,700	1,142,500	9,021,200	244,817	-	-
Bond premium	-	1,145,317	1,145,317	-	-	-
Debt due in more than one year	-	23,390,000	23,390,000	-	-	-
Total liabilities	9,002,290	28,676,167	37,678,457	392,094	84,024	128,839
Deferred inflows of resources						
Deferred inflows lease related	240,464	-	240,464	-	-	-
Deferred inflows pension related	1,215,369	176,241	1,391,610	37,765	-	-
Total deferred outflows of resources	1,455,833	176,241	1,632,074	37,765	-	-
Net position						
Net investment in capital assets	8,919,717	19,042,671	27,962,388	387,256	-	-
Restricted for						
Cemetery	5,208	-	5,208	-	-	-
Capital improvements	108,289	-	108,289	-	-	-
Major streets	588,166	-	588,166	-	-	-
Local streets	520,689	-	520,689	-	-	-
Public safety	13,657	-	13,657	-	-	-
Solid waste	257,141	-	257,141	-	-	-
Recreation	693,332	-	693,332	-	-	-
Unrestricted (deficit)	(3,333,564)	4,394,134	1,060,570	(218,124)	-	27,614
Total net position	\$ 7,772,635	\$ 23,436,805	\$ 31,209,440	\$ 169,132	\$ -	\$ 27,614

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

CITY OF IONIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 2,322,799	\$ 2,798,112	\$ 9,755	\$ -	\$ 485,068
Public safety	2,423,435	87,963	562	28,279	(2,306,631)
Public works and streets	1,789,982	381,491	1,370,994	-	(37,497)
Culture and recreation	603,028	73,218	2,686	-	(527,124)
Total governmental activities	7,139,244	3,340,784	1,383,997	28,279	(2,386,184)
Business-type activities					
Dial-a-Ride	786,473	77,352	668,807	9,746	(30,568)
Sewer	2,744,175	3,588,708	-	-	844,533
Water	2,368,927	2,867,808	-	-	498,881
Theatre	339,588	206,157	303,286	-	169,855
Total business-type activities	6,239,163	6,740,025	972,093	9,746	1,482,701
Total primary government	\$ 13,378,407	\$ 10,080,809	\$ 2,356,090	\$ 38,025	\$ (903,483)
Component units					
Downtown Development Authority	\$ 383,077	\$ 29,088	\$ 195,000	\$ -	\$ (158,989)
Local Development Finance Authority	181,116	-	-	-	(181,116)
Brownfield Redevelopment Authority	239,726	-	-	-	(239,726)
Total component units	\$ 803,919	\$ 29,088	\$ 195,000	\$ -	\$ (579,831)

(Continued)

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

CITY OF IONIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Primary Government			Component Units		
	Governmental	Business-type	Total	Downtown	Local	
	Activities	Activities			Development	Development
	Activities	Activities	Total	Authority	Finance	Redevelopment
	Activities	Activities	Total	Authority	Authority	Authority
Changes in net assets						
Net (expense) revenue	\$ (2,386,184)	\$ 1,482,701	\$ (903,483)	\$ (158,989)	\$ (181,116)	\$ (239,726)
General revenues						
Property taxes						
General operating	810,839	-	810,839	43,958	-	-
Restricted	480,919	113,895	594,814	-	-	-
Income taxes	2,555,831	-	2,555,831	-	-	-
Marijuana tax	112,907	-	112,907	-	-	-
State shared revenues - unrestricted	1,066,213	-	1,066,213	-	-	-
Interest	13,304	3,842	17,146	30	151	222
Miscellaneous	29,697	-	29,697	-	-	-
Total general revenues	<u>5,069,710</u>	<u>117,737</u>	<u>5,187,447</u>	<u>43,988</u>	<u>151</u>	<u>222</u>
Change in net position	2,683,526	1,600,438	4,283,964	(115,001)	(180,965)	(239,504)
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 7,772,635</u>	<u>\$ 23,436,805</u>	<u>\$ 31,209,440</u>	<u>\$ 169,132</u>	<u>\$ -</u>	<u>\$ 27,614</u>

(Concluded)

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

CITY OF IONIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 2,749,470	\$ 2,567,274	\$ 5,316,744
Accounts receivable	443,067	86,474	529,541
Accounts receivable-Leases	240,464	-	240,464
Prepaid items	95,607	-	95,607
Due from other governments	240,945	204,814	445,759
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 3,769,553	\$ 2,858,562	\$ 6,628,115
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 132,671	\$ 315,510	\$ 448,181
Accrued liabilities	208,063	20,977	229,040
Unearned revenue	-	883	883
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	340,734	337,370	678,104
Deferred inflows			
Lease related	240,464	-	240,464
Fund balances			
Nonspendable			
Permanent fund corpus	-	5,200	5,200
Prepaid items	95,607	-	95,607
Restricted			
Permanent fund spendable	-	8	8
Streets	-	1,108,855	1,108,855
Public safety	-	13,657	13,657
Solid waste	-	257,141	257,141
Recreation	-	693,332	693,332
Capital projects	-	108,289	108,289
Assigned			
Public safety	5,000	295,494	300,494
Streets	500,000	-	500,000
Accrued benefits	750,000	-	750,000
Recreation	250,000	39,216	289,216
Unassigned	1,587,748	-	1,587,748
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	3,188,355	2,521,192	5,709,547
Total liabilities and fund balances	\$ 3,769,553	\$ 2,858,562	\$ 6,628,115

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, 2022

Fund balances - total governmental funds	\$ 5,709,547
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	20,865
Add - capital assets (net of accumulated depreciation)	7,250,586
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	1,180,968
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	(405,512)
Deduct - net pension liability	(7,878,700)
Deduct - deferred inflows related to pensions	(1,215,369)
Add - deferred outflows related to pensions	<u>2,350,717</u>
Net position of governmental activities	<u>\$ 7,772,635</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, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Property taxes	\$ 810,839	\$ 566,956	\$ 1,377,795
Income taxes	2,555,831	-	2,555,831
Marijuana tax	112,907	-	112,907
Intergovernmental revenues			
Federal	1,270	-	1,270
State	1,067,992	1,284,957	2,352,949
Local	-	26,500	26,500
Licenses and permits	79,920	-	79,920
Charges for services	2,476,959	347,146	2,824,105
Fines	9,741	-	9,741
Interest	12,468	1,299	13,767
Donations	8,485	562	9,047
Miscellaneous	317,889	141,049	458,938
Total revenues	<u>7,454,301</u>	<u>2,368,469</u>	<u>9,822,770</u>
Expenditures			
Current			
General government	2,248,500	-	2,248,500
Public safety	2,791,278	4,826	2,796,104
Public works and streets	93,932	1,657,361	1,751,293
Health and welfare	42,455	-	42,455
Community and economic development	27,247	-	27,247
Culture and recreation	10,168	463,532	473,700
Contribution to component unit	195,000	-	195,000
Capital outlay	-	20,706	20,706
Total expenditures	<u>5,408,580</u>	<u>2,146,425</u>	<u>7,555,005</u>
Revenues over (under) expenditures	<u>2,045,721</u>	<u>222,044</u>	<u>2,267,765</u>
Other financing sources (uses)			
Transfers in	198	800,000	800,198
Transfers out	(625,000)	(175,198)	(800,198)
Total other financing sources (uses)	<u>(624,802)</u>	<u>624,802</u>	<u>-</u>
Net changes in fund balances	1,420,919	846,846	2,267,765
Fund balances, beginning of year	<u>1,767,436</u>	<u>1,674,346</u>	<u>3,441,782</u>
Fund balances, end of year	<u>\$ 3,188,355</u>	<u>\$ 2,521,192</u>	<u>\$ 5,709,547</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, 2022

Net changes in fund balances - total governmental funds	\$ 2,267,765
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	423,378
Deduct - depreciation expense	(913,406)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	(10,159)
Deduct - increase in deferred inflows related to pensions	(470,113)
Add - increase in deferred outflows related to pensions	1,020,095
Add - decrease in net pension liability	385,252
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
Add - net income from the internal service funds	<u>(19,286)</u>
Change in net position of governmental activities	<u>\$ 2,683,526</u>

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

CITY OF IONIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
Assets						
Current assets						
Cash and pooled investments	\$ 729,501	\$ 3,419,292	\$ 949,343	\$ 165,160	\$ 5,263,296	\$ 283,525
Accounts receivable	2,521	697,494	788,040	-	1,488,055	47,212
Prepaid items	482	-	495	683	1,660	1,472
Due from other governments	91,579	252,527	4,339	-	348,445	-
Inventory	-	-	62,566	-	62,566	-
Total current assets	<u>824,083</u>	<u>4,369,313</u>	<u>1,804,783</u>	<u>165,843</u>	<u>7,164,022</u>	<u>332,209</u>
Noncurrent assets						
Advance receivable	-	500,000	-	-	500,000	-
Land	25,000	475,893	671,395	46,892	1,219,180	-
Construction in progress	-	617,315	603,461	-	1,220,776	-
Buildings and infrastructure	1,789,566	23,877,271	33,189,156	1,267,516	60,123,509	609,393
Machinery and equipment	569,540	588,319	4,029,525	315,992	5,503,376	-
Vehicles	747,553	-	-	-	747,553	2,473,779
Less accumulated depreciation	<u>(2,510,474)</u>	<u>(4,689,112)</u>	<u>(15,600,661)</u>	<u>(1,285,675)</u>	<u>(24,085,922)</u>	<u>(2,194,439)</u>
Total noncurrent assets	<u>621,185</u>	<u>21,369,686</u>	<u>22,892,876</u>	<u>344,725</u>	<u>45,228,472</u>	<u>888,733</u>
Total assets	<u>1,445,268</u>	<u>25,738,999</u>	<u>24,697,659</u>	<u>510,568</u>	<u>52,392,494</u>	<u>1,220,942</u>
Deferred outflows of resources						
Deferred loss on refunding	-	25,686	30,152	-	55,838	-
Deferred outflows pension related	<u>82,940</u>	<u>78,239</u>	<u>179,702</u>	<u>-</u>	<u>340,881</u>	<u>-</u>
Total deferred outflows of resources	<u>82,940</u>	<u>103,925</u>	<u>209,854</u>	<u>-</u>	<u>396,719</u>	<u>-</u>
Liabilities						
Accounts payable	23,923	6,884	13,279	10,818	54,904	18,522
Accrued liabilities	21,878	173,562	263,176	3,726	462,342	4,408
Unearned revenue	860	-	1,173,631	-	1,174,491	-
Current portion of long-term debt	<u>-</u>	<u>587,500</u>	<u>627,500</u>	<u>-</u>	<u>1,215,000</u>	<u>-</u>
Total current liabilities	<u>46,661</u>	<u>767,946</u>	<u>2,077,586</u>	<u>14,544</u>	<u>2,906,737</u>	<u>22,930</u>
Long-term liabilities						
Advance payable	-	-	500,000	-	500,000	-
Compensated absences	42,508	11,863	37,242	-	91,613	17,044
Net pension liability	277,981	262,228	602,291	-	1,142,500	-
Bond premium	-	566,310	579,007	-	1,145,317	-
Bonds payable, net of current portion	<u>-</u>	<u>11,487,200</u>	<u>11,902,800</u>	<u>-</u>	<u>23,390,000</u>	<u>-</u>
Total long-term liabilities	<u>320,489</u>	<u>12,327,601</u>	<u>13,621,340</u>	<u>-</u>	<u>26,269,430</u>	<u>17,044</u>
Total liabilities	<u>367,150</u>	<u>13,095,547</u>	<u>15,698,926</u>	<u>14,544</u>	<u>29,176,167</u>	<u>39,974</u>
Deferred inflows of resources						
Deferred inflows pension related	<u>42,881</u>	<u>40,451</u>	<u>92,909</u>	<u>-</u>	<u>176,241</u>	<u>-</u>
Net position						
Net investment in capital assets	621,185	8,258,701	9,818,060	344,725	19,042,671	888,733
Unrestricted	<u>496,992</u>	<u>4,448,225</u>	<u>(702,382)</u>	<u>151,299</u>	<u>4,394,134</u>	<u>292,235</u>
Total net position	<u>\$ 1,118,177</u>	<u>\$ 12,706,926</u>	<u>\$ 9,115,678</u>	<u>\$ 496,024</u>	<u>\$ 23,436,805</u>	<u>\$ 1,180,968</u>

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, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		Internal Service (Central Garage)
Operating revenue						
Charges for services	\$ 77,352	\$ 3,566,864	\$ 2,842,470	\$ 206,157	\$ 6,692,843	\$ 531,827
Other	63,192	21,844	25,338	9,205	119,579	7,935
Total operating revenue	<u>140,544</u>	<u>3,588,708</u>	<u>2,867,808</u>	<u>215,362</u>	<u>6,812,422</u>	<u>539,762</u>
Operating expense						
Personnel services	362,654	39,176	210,614	84,903	697,347	101,555
Contractual services	135,384	2,010,165	575,218	89,321	2,810,088	61,370
Benefits	1,886	(25,051)	39,358	6,936	23,129	77,824
Materials and supplies	68,447	10,328	101,543	49,389	229,707	57,729
Utilities	26,667	-	111,578	38,699	176,944	20,503
Repair and maintenance	30,315	-	22,418	24,024	76,757	44,128
Equipment rentals	-	26,471	71,975	-	98,446	25,682
Depreciation	156,555	306,175	846,419	46,316	1,355,465	170,441
Miscellaneous	4,565	-	-	-	4,565	36
Total operating expense	<u>786,473</u>	<u>2,367,264</u>	<u>1,979,123</u>	<u>339,588</u>	<u>5,472,448</u>	<u>559,268</u>
Operating income (loss)	<u>(645,929)</u>	<u>1,221,444</u>	<u>888,685</u>	<u>(124,226)</u>	<u>1,339,974</u>	<u>(19,506)</u>
Non-operating revenue (expense)						
Federal grants	290,485	-	-	201,930	492,415	-
State grants	315,130	-	-	-	315,130	-
Property taxes	113,895	-	-	-	113,895	-
Contributions from component units	-	-	-	92,295	92,295	-
Interest income	574	3,009	115	-	3,698	220
Interest expense	-	(376,911)	(389,804)	-	(766,715)	-
Total non-operating revenue (expense)	<u>720,084</u>	<u>(373,902)</u>	<u>(389,689)</u>	<u>294,225</u>	<u>250,718</u>	<u>220</u>
Income (loss) before transfers	<u>74,155</u>	<u>847,542</u>	<u>498,996</u>	<u>169,999</u>	<u>1,590,692</u>	<u>(19,286)</u>
Transfers and other items						
Capital contributions - federal	7,797	-	-	-	7,797	-
Capital contributions - state	1,949	-	-	-	1,949	-
Total transfers and other items	<u>9,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,746</u>	<u>-</u>
Changes in net position	83,901	847,542	498,996	169,999	1,600,438	(19,286)
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 1,118,177</u>	<u>\$ 12,706,926</u>	<u>\$ 9,115,678</u>	<u>\$ 496,024</u>	<u>\$ 23,436,805</u>	<u>\$ 1,180,968</u>

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, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
						Internal Service (Central Garage)
	Dial-A-Ride	Sewer	Water	Nonmajor (Theatre)		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 520,242
Receipts from customers and users	138,012	3,610,031	2,912,644	215,362	6,876,049	-
Payments to employees	(483,579)	(124,300)	(421,114)	(91,035)	(1,120,028)	(174,146)
Operating grants	605,615	-	1,173,631	294,225	2,073,471	-
Payments to suppliers	(262,594)	(2,060,882)	(1,469,561)	(200,168)	(3,993,205)	(200,661)
Net cash provided by (used in) operating activities	<u>(2,546)</u>	<u>1,424,849</u>	<u>2,195,600</u>	<u>218,384</u>	<u>3,836,287</u>	<u>145,435</u>
Cash flows from non-capital financing activities						
Property Taxes	113,895	-	-	-	113,895	-
Cash flows from capital and related financing activities						
Proceeds of debt	-	3,530,056	3,530,056	-	7,060,112	-
Payment on refunding	-	(3,450,000)	(3,450,000)	-	(6,900,000)	-
Interest paid	-	(422,772)	(437,003)	-	(859,775)	-
Deposits/loans with other governments	-	34,202	-	-	34,202	-
Capital grants	10,428	-	-	-	10,428	-
Principal paid on debt	-	(560,800)	(599,200)	-	(1,160,000)	-
Proceeds from sale of capital assets	-	-	-	-	-	22,405
Net loss on disposal of capital assets	-	-	-	-	-	(4,183)
Acquisitions of capital assets	(9,746)	(589,223)	(1,055,663)	(94,727)	(1,749,359)	(60,720)
Net cash provided by (used in) capital and related financing activities	<u>682</u>	<u>(1,458,537)</u>	<u>(2,011,810)</u>	<u>(94,727)</u>	<u>(3,564,392)</u>	<u>(42,498)</u>
Cash flows from investing activities						
Interest received	574	3,009	115	-	3,698	218
Net increase (decrease) in cash and pooled investments	112,605	(30,679)	183,905	123,657	389,488	103,155
Cash and pooled investments, beginning of year	<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>
Cash and pooled investments, end of year	<u>\$ 729,501</u>	<u>\$ 3,419,292</u>	<u>\$ 949,343</u>	<u>\$ 165,160</u>	<u>\$ 5,263,296</u>	<u>\$ 283,525</u>
Cash flows from operating activities						
Operating income (loss)	\$ (645,929)	\$ 1,221,444	\$ 888,685	\$ (124,226)	\$ 1,339,974	\$ (19,506)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	156,555	306,175	846,419	46,316	1,355,465	170,441
Net pension liability	(78,865)	(68,846)	(111,401)	-	(259,112)	-
Deferred outflows for pensions	(25,482)	(24,931)	(64,787)	-	(115,200)	-
Deferred inflows for pensions	10,700	10,594	28,547	-	49,841	-
Operating grants	605,615	-	-	294,225	899,840	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(2,532)	21,323	44,836	-	63,627	(19,520)
Prepaid items	(482)	-	(248)	(683)	(1,413)	(736)
Inventory	-	-	(2,841)	-	(2,841)	-
Accounts payable	3,266	(13,918)	(583,740)	1,948	(592,444)	9,523
Accrued liabilities	(11,317)	(27,651)	(25,609)	804	(63,773)	1,114
Compensated absences	(14,075)	659	2,108	-	(11,308)	4,119
Unearned revenue	-	-	1,173,631	-	1,173,631	-
Net cash provided by (used in) operating activities	<u>\$ (2,546)</u>	<u>\$ 1,424,849</u>	<u>\$ 2,195,600</u>	<u>\$ 218,384</u>	<u>\$ 3,836,287</u>	<u>\$ 145,435</u>

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

CITY OF IONIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

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

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

CITY OF IONIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2022

	Custodial Fund
Additions	
Taxes and benefits collected for other entities	\$ 3,961,548
Total additions	<u>3,961,548</u>
Deductions	
Taxes and benefit to other entities	<u>3,961,548</u>
Total deductions	<u>3,961,548</u>
Changes in net position	<u>-</u>
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Joint Venture

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

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

The allocation of costs of the IRUA to the constituent municipalities is based on usage of the system as measured by system flow. During 1996, the City began to directly bill Ionia Township IRUA customers. As a result, the City's allocation of costs includes the portion of costs that had been charged to Ionia Township in the past. On December 1, 2001, the City began to directly bill Easton Township IRUA customers for operating costs and fixed asset reserves. As a result, the City's allocation of costs includes a portion of costs that would have been charged to Easton Township in the past. The Township continues to make contributions to the IRUA to fund their portion of the debt service requirements. For the year ended June 30, 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	86.66%
Berlin Township	6.62%
Easton Township	3.14%
Ionia Township	3.58%

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, 2022 are available at City Hall. The following financial information is a summary of the activity for the year ended June 30, 2022:

Total assets	\$9,616,227
Total liabilities	117,070
Total net position	9,499,157
Total operating revenue	1,882,051
Total nonoperating revenues	1,390
Total operating expenses	1,724,395
Total nonoperating expenses	-
Change in net position	159,046

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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, 2022

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. The amount includes unexpended American Rescue Plan Act funding which qualifies as unearned revenue.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

Grants and Other Intergovernmental Revenues

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

Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 8 and leases which are discussed in Note 14.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

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

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

City policy requires the General fund budget to be prepared and activities managed to result in an ending unassigned fund balance of at least 17% of budgeted expenditures, except in the case of emergency or financial distress. Circumstances of emergency or financial distress shall be reported to the City Council at the earliest practical time. Upon such report, the City Council may direct that additional action be taken to preserve the minimum unassigned fund balance. Fund balance in the General fund at June 30, 2022 was 29% of the current year's final amended budget for expenditures.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Net Position and Fund Balance Flow Assumptions

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

Interfund Transactions

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

2. DEFICIT FUND BALANCE/NET POSITION

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

Governmental Activities	\$(3,333,564)
Component Units	
Downtown Development Authority	(218,124)
Enterprise funds	
Water fund	(702,382)

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, 2022, 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	\$10,863,565	\$379,141	\$11,242,706

Cash and pooled investments consist of the following at June 30, 2022:

Deposits and certificates of deposit	\$ 8,484,522
Michigan Class investment pool	<u>2,758,184</u>
Total	<u>\$11,242,706</u>

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The City also holds investments within its cash and investment pool for the Ionia Regional Utilities Authority (IRUA) of \$1,730,536 which cannot be segregated from City deposits and investments. Deposit and investment risk disclosure for the combined balance of the City and the IRUA follows.

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require a policy, and the City's policy is no more restrictive than State requirements, for deposit custodial credit risk. As of year-end, \$9,465,059 of the City's bank balance of \$10,215,058 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	\$2,758,184	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, 2022

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, 2022 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>	
	<u>Nonmajor Governmental Funds</u>	<u>General Fund</u>
General Fund	\$625,000	\$ -
Nonmajor Governmental Funds	175,000	198
Total	\$800,000	\$198

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, 2022

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

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

7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 759,533	\$ -	\$ -	\$ 759,533
Construction in progress	21,755	20,865	21,755	20,865
Total capital assets, not being depreciated	<u>781,288</u>	<u>20,865</u>	<u>21,755</u>	<u>780,398</u>
Capital assets, being depreciated				
Buildings	2,251,133	-	-	2,251,133
Furniture and equipment and Improvements	6,090,544	28,407	30,824	6,088,127
Motor vehicles	5,275,757	100,536	64,106	5,312,187
Infrastructure	15,662,668	356,044	-	16,018,712
Total capital assets, being depreciated	<u>29,280,102</u>	<u>484,987</u>	<u>94,930</u>	<u>29,670,159</u>
Less accumulated depreciation for				
Buildings	1,320,577	71,585	-	1,392,162
Furniture and equipment and Improvements	3,775,931	197,140	30,824	3,942,247
Motor vehicles	3,221,002	308,070	45,887	3,483,185
Infrastructure	12,206,194	507,052	-	12,713,246
Total accumulated depreciation	<u>20,523,704</u>	<u>1,083,847</u>	<u>76,711</u>	<u>21,530,840</u>
Net capital assets, being depreciated	<u>8,756,398</u>	<u>(598,860)</u>	<u>18,219</u>	<u>8,139,319</u>
Governmental Activities capital assets, net	<u>\$9,537,686</u>	<u>\$(577,995)</u>	<u>\$39,974</u>	<u>\$8,919,717</u>

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 1,219,180	\$ -	\$ -	\$ 1,219,180
Construction in progress	970,300	1,171,299	920,823	1,220,776
Total capital assets, not being depreciated	2,189,480	1,171,299	920,823	2,439,956
Capital assets being depreciated				
Structures and improvements	58,643,060	1,480,449	-	60,123,509
Machinery, furniture, and equipment	5,484,941	18,435	-	5,503,376
Vehicles	747,553	-	-	747,553
Total capital assets, being depreciated	64,875,554	1,498,884	-	66,374,438
Less accumulated depreciation for				
Structures and improvements	17,581,740	1,120,804	-	18,702,544
Machinery, furniture, and equipment	4,754,670	110,029	-	4,864,699
Vehicles	394,047	124,632	-	518,679
Total accumulated depreciation	22,730,457	1,355,465	-	24,085,922
Net capital assets, being depreciated	42,145,097	143,419	-	42,288,516
Business-type Activities capital assets, net	\$44,334,577	\$1,314,718	\$920,823	\$44,728,472
Component Unit Activities				
Capital assets, not being depreciated				
Land	\$387,256	\$ -	\$ -	\$387,256
Net capital assets, being depreciated				
Machinery, furniture, and equipment	5,500	-	-	5,500
Accumulated depreciation	(5,500)	-	-	(5,500)
Component Unit capital assets, net	\$387,256	\$ -	\$ -	\$387,256

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

Governmental Activities	
General government	\$ 58,881
Public safety	155,079
Public works and streets	507,052
Culture and recreation	192,394
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	170,441
Total depreciation expense - governmental activities	\$1,083,847
Business-type Activities	
Dial-a-Ride	\$ 156,555
Sewer	306,175
Water	846,419
Theatre (nonmajor)	46,316
Total depreciation expense - business- type activities	\$1,355,465

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

8. PENSION PLAN

Defined Benefit Traditional and Hybrid Plan

Plan Description

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

Benefits Provided

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

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Active plan members	44
Inactive employees entitled but not yet receiving benefits	9
Inactive employees or beneficiaries currently receiving benefits	<u>59</u>
Total	<u>112</u>

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 7.47% to 8.07% of annual covered payroll depending on position and classification. For divisions closed to new employees, the employer has monthly employer contributions of \$20 to \$41,397. 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, 2021, 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, 2022

The total pension liability in the December 31, 2021 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 6.7% based on years of service)

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

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 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 2018 actuarial experience study, first used in December 31, 2020 valuations.

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

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

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

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2020	\$25,580,151	\$15,667,769	\$9,912,382
Changes for the Year:			
Service cost	274,489	-	274,489
Interest	1,900,068	-	1,900,068
Change in benefits	-	-	-
Differences between expected and actual experience	915,163	-	915,163
Change in assumptions	1,065,255	-	1,065,255
Contributions: employer	-	2,016,921	(2,016,921)
Contributions: employee	-	559,174	(559,174)
Net investment income	-	2,251,044	(2,251,044)
Benefit payments, including refunds	(1,433,001)	(1,433,001)	-
Administrative expense	-	(25,801)	25,801
Other changes	(2)	-	(2)
Net changes	2,721,972	3,368,337	(646,365)
Balance at December 31, 2021	\$28,302,123	\$19,036,106	\$9,266,017

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

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

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$31,752,562	\$28,302,123	\$25,426,291
Fiduciary net position	19,036,106	19,036,106	19,036,106
Net pension liability	\$12,716,456	\$ 9,266,017	\$ 6,390,185

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022 the employer recognized pension expense of \$772,641. 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	\$ 686,373	\$ 218,461
Differences in assumptions	1,302,283	-
Excess (deficit) investment returns	-	1,210,914
Contributions subsequent to the Measurement date*	775,986	-
Total	<u>\$2,764,642</u>	<u>\$1,429,375</u>

* 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 2023.

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

2023	\$ 503,089
2024	113,293
2025	146,401
2026	(203,502)
Thereafter	<u>-</u>
Total	<u>\$ 559,281</u>

Deferred Compensation Plan

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

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities					
Accrued employee benefits	\$408,278	\$ 14,278	\$ -	\$422,556	\$ -
Total Governmental Activities	\$408,278	\$ 14,278	\$ -	\$422,556	\$ -
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.	\$ 5,650,000	\$ -	\$ 125,000	\$ 5,525,000	\$ 125,000
* \$8,660,000 2013 Water and Sewer Improvement Refunding Bonds. Payments due in annual installments of \$85,000 to \$595,000 through August 1, 2037; interest at 2.00% to 4.00%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$4,676,400 and \$3,983,600, respectively.	6,175,000	-	480,000	5,695,000	500,000
* \$1,500,000 2008 Water and Sewer Improvement Bonds. Payments due in annual installments of \$25,000 to \$100,000 beginning August 1, 2011 through August 1, 2033; interest at 3.75% to 5.00%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$725,000 and \$725,000, respectively.	1,125,000	-	1,125,000	-	-
* \$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.	1,775,000	-	1,775,000	-	-
* \$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.	1,800,000	-	1,800,000	-	-

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
* \$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.	\$2,525,000	\$ -	\$2,525,000	\$ -	\$ -
* \$8,000,000 2017 Water and Sewer Improvement Bonds. Payments due in annual installment of \$205,000 to \$505,000 beginning August 1, 2022 through 2041; plus interest at 3% to 3.25%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$4,000,000 and \$4,000,000, respectively.	7,365,000	-	230,000	7,135,000	240,000
* \$6,250,000 2021 Water and Sewer refunding Bonds. Payments due in annual installment of \$210,000 to \$580,000 beginning February 1, 2022 through 2035; plus interest at 2% to 4%, paid semi-annually. The outstanding debt was recorded in the Water and Sewer Funds at \$3,125,000 and \$3,125,000, respectively.	-	6,250,000	-	6,250,000	350,000
Subtotal long-term debt	26,415,000	6,250,000	8,060,000	24,605,000	1,215,000
Bond premiums	437,341	810,112	102,136	1,145,317	-
Accrued employee benefits	102,921	-	11,308	91,613	-
Total Business-type Activities	\$26,955,262	\$7,060,112	\$8,173,444	\$25,841,930	\$1,215,000
Component Units					
Accrued employee benefits	15,061	324	-	15,385	-
Total Long-term Debt - Reporting Entity	\$27,378,601	\$7,074,714	\$8,173,444	\$26,279,871	\$1,215,000

*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.

During 2022, the Ionia County issued its 2021 water and sewer refunding bonds of \$6,250,000. The proceeds of the refunding were placed into a trust account to repay outstanding 2008, 2009, 2010 and 2011 bonds. The refunded bonds payable were called and paid in full in 2022. The City's total debt service requirement was reduced by approximately \$1,710,000, which resulted in a net present value savings of approximately \$1,543,000.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2022 are as follows:

Year Ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,215,000	\$ 800,983
2024	1,250,000	760,407
2025	1,375,000	717,082
2026	1,400,000	671,157
2027	1,430,000	624,307
2028-2032	7,285,000	2,376,623
2033-2037	6,645,000	1,201,721
2038-2042	4,005,000	287,489
Total	<u>\$24,605,000</u>	<u>\$7,439,769</u>

10. CONTINGENT LIABILITIES

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

During the year, the City became aware of an over capture of certain taxes by the Brownfield, LDFA, and DDA. Management is currently negotiating on behalf of the Brownfield, LDFA and DDA to resolve this issue with the affected parties. Management has estimated and accrued the liability in the current year for the potential repayment in the amounts of \$128,839 from the Brownfield, \$84,024 from the LDFA and \$119,154 from the DDA.

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 \$1,108,432 (31%) of wastewater sales and \$545,454 (19%) of water sales.

12. COMMITMENTS

At year-end the City had construction commitments of approximately \$2,128,000 for various street and utility projects.

CITY OF IONIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

13. TAX ABATEMENTS

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

For the year ended June 30, 2022 the amount of abated taxes was approximately \$4,000.

14. LEASES

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

The lease is currently on the fourth 5-year renewal term ending May 2023, with options to extend for an additional five consecutive five-year terms; current annual payment of \$12,600 with an increase to \$13,500 beginning May 2023. No options are available for mid-term termination by the lessee.

2022 is the first year of implementation of the new guidance under GASB Statement 87. The City has recognized a total deferred inflow of resources of \$240,464 in the current fiscal year along with the corresponding lease receivable of the same amount. The City recognized a total of \$12,600 in lease revenue and no interest revenue for the current fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 696,000	\$ 804,000	\$ 810,839	\$ 6,839
Income taxes	2,225,000	2,300,000	2,555,831	255,831
Marijuana taxes	-	-	112,907	112,907
Intergovernmental revenues				
Federal	-	-	1,270	1,270
State	869,500	871,250	1,067,992	196,742
Licenses and permits	40,750	75,500	79,920	4,420
Charges for services	1,484,000	2,473,000	2,476,959	3,959
Fines	18,000	10,500	9,741	(759)
Interest	10,000	9,000	12,468	3,468
Donations	-	6,500	8,485	1,985
Miscellaneous	131,500	178,000	317,889	139,889
Total revenues	5,474,750	6,727,750	7,454,301	726,551
Expenditures				
Current				
General government	1,742,448	2,357,593	2,248,500	109,093
Public safety	2,890,808	2,895,708	2,791,278	104,430
Public works and streets	108,500	110,500	93,932	16,568
Health and welfare	42,000	43,000	42,455	545
Community and economic development	32,575	32,650	27,247	5,403
Culture and recreation	7,150	10,350	10,168	182
Contribution to component unit	230,000	230,000	195,000	35,000
Total expenditures	5,053,481	5,679,801	5,408,580	271,221
Revenues over (under) expenditures	421,269	1,047,949	2,045,721	997,772
Other financing sources (uses)				
Transfers in	-	-	198	198
Transfers out	(590,000)	(914,000)	(625,000)	289,000
Total other financing sources (uses)	(590,000)	(914,000)	(624,802)	289,198
Net changes in fund balance	(168,731)	133,949	1,420,919	1,286,970
Fund balance, beginning of year	1,767,436	1,767,436	1,767,436	-
Fund balance, end of year	\$ 1,598,705	\$ 1,901,385	\$ 3,188,355	\$ 1,286,970

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

FOR THE YEAR ENDED JUNE 30, 2022

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

Notes to schedule:

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

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

CITY OF IONIA
PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 1,285,968	\$ 1,210,980	\$ 1,135,991	\$ 1,067,363	\$ 981,460	\$ 865,744	\$ 881,073	\$ 834,973
Contributions in relation to the actuarially determined contribution	2,052,139	1,978,385	2,385,991	1,317,363	1,131,460	1,005,744	1,021,073	834,973
Contribution deficiency (excess)	<u>\$ (766,171)</u>	<u>\$ (767,405)</u>	<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	\$ 3,165,975	\$ 3,160,260	\$ 3,160,260	\$ 3,066,787	\$ 2,959,191	\$ 2,819,237	\$ 2,855,137	\$ 2,694,569
Contributions as a percentage of covered employee payroll	65%	63%	75%	43%	38%	36%	36%	31%
Notes to schedule								
Actuarial cost method	Entry Age							
Amortization method	Level percentage of payroll, open							
Remaining amortization period	17 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	7.00% (7.35 % for 2020, 7.75% for 2015 through 2019)							
Retirement age	Varies depending on plan adoption							
Mortality	50% female/ 50% male MP-2019 mortability 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, 2022

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Current				
General government				
City Council	\$ 38,100	\$ 39,400	\$ 38,543	\$ 857
City Manager	313,955	321,650	320,320	1,330
Elections	6,200	8,200	7,399	801
Finance and administration	458,190	458,190	455,150	3,040
Income tax administration	111,186	111,186	107,381	3,805
Front office	181,267	199,117	196,653	2,464
Attorney	35,000	115,000	114,929	71
Assessor	48,100	52,500	49,646	2,854
Board of review	1,000	1,000	633	367
Data processing	119,000	119,000	107,031	11,969
Clerk	31,750	32,750	30,769	1,981
Building and grounds	204,300	189,700	166,856	22,844
Other offices	171,500	674,000	628,144	45,856
Cemetery	22,900	35,900	25,046	10,854
	<u>1,742,448</u>	<u>2,357,593</u>	<u>2,248,500</u>	<u>109,093</u>
Public safety				
Public safety	<u>2,890,808</u>	<u>2,895,708</u>	<u>2,791,278</u>	<u>104,430</u>
Public Works				
Street lights	108,500	108,500	92,291	16,209
Storm sewer	-	2,000	1,641	359
	<u>108,500</u>	<u>110,500</u>	<u>93,932</u>	<u>16,568</u>
Health and Welfare				
Ambulance	<u>42,000</u>	<u>43,000</u>	<u>42,455</u>	<u>545</u>
Community and economic development				
Planning and zoning	<u>32,575</u>	<u>32,650</u>	<u>27,247</u>	<u>5,403</u>
Culture and recreation				
Festivals and events	<u>7,150</u>	<u>10,350</u>	<u>10,168</u>	<u>182</u>
Contribution to component unit	<u>230,000</u>	<u>230,000</u>	<u>195,000</u>	<u>35,000</u>
Total expenditures	<u>\$ 5,053,481</u>	<u>\$ 5,679,801</u>	<u>\$ 5,408,580</u>	<u>\$ 271,221</u>

CITY OF IONIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue					
	Major Streets	Local Streets	Solid Waste	Recreation	Drug Forfeiture	Public Safety Donations
Assets						
Cash and pooled investments	\$ 442,215	\$ 469,850	\$ 200,339	\$ 54,232	\$ 7,599	\$ 11,560
Accounts receivable	179	-	85,412	-	-	-
Due from other governments	151,177	53,637	-	-	-	-
Total assets	\$ 593,571	\$ 523,487	\$ 285,751	\$ 54,232	\$ 7,599	\$ 11,560
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 567	\$ -	\$ 28,439	\$ 1,846	\$ -	\$ 5,502
Accrued liabilities	4,838	2,798	171	13,170	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	5,405	2,798	28,610	15,016	-	5,502
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Permanent fund spendable	-	-	-	-	-	-
Streets	588,166	520,689	-	-	-	-
Public safety	-	-	-	-	7,599	6,058
Solid waste	-	-	257,141	-	-	-
Recreation	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Public safety	-	-	-	-	-	-
Recreation	-	-	-	39,216	-	-
Total fund balances	588,166	520,689	257,141	39,216	7,599	6,058
Total liabilities and fund balances	\$ 593,571	\$ 523,487	\$ 285,751	\$ 54,232	\$ 7,599	\$ 11,560

Capital Projects							Permanent	
Public Safety Vehicle	Parks Facilities Improvements	Sidewalk Program	Environmental Response	Rails to Trails Projects	Grant Projects	Cemetery Perpetual Care	Total	
\$ 295,494	\$ 706,573	\$ 159	\$ 106,936	\$ 194	\$ 266,915	\$ 5,208	\$ 2,567,274	
-	883	-	-	-	-	-	86,474	
-	-	-	-	-	-	-	204,814	
<u>\$ 295,494</u>	<u>\$ 707,456</u>	<u>\$ 159</u>	<u>\$ 106,936</u>	<u>\$ 194</u>	<u>\$ 266,915</u>	<u>\$ 5,208</u>	<u>\$ 2,858,562</u>	
\$ -	\$ 13,241	\$ -	\$ -	\$ -	\$ 265,915	\$ -	\$ 315,510	
-	-	-	-	-	-	-	20,977	
-	883	-	-	-	-	-	883	
-	14,124	-	-	-	265,915	-	337,370	
-	-	-	-	-	-	5,200	5,200	
-	-	-	-	-	-	8	8	
-	-	-	-	-	-	-	1,108,855	
-	-	-	-	-	-	-	13,657	
-	-	-	-	-	-	-	257,141	
-	693,332	-	-	-	-	-	693,332	
-	-	159	106,936	194	1,000	-	108,289	
295,494	-	-	-	-	-	-	295,494	
-	-	-	-	-	-	-	39,216	
<u>295,494</u>	<u>693,332</u>	<u>159</u>	<u>106,936</u>	<u>194</u>	<u>1,000</u>	<u>5,208</u>	<u>2,521,192</u>	
<u>\$ 295,494</u>	<u>\$ 707,456</u>	<u>\$ 159</u>	<u>\$ 106,936</u>	<u>\$ 194</u>	<u>\$ 266,915</u>	<u>\$ 5,208</u>	<u>\$ 2,858,562</u>	

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2022

	<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>
Revenues						
Taxes	\$ -	\$ 86,037	\$ 309,525	\$ -	\$ -	\$ -
Intergovernmental revenues						
State	947,918	337,039	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	278,474	68,672	-	-
Interest	292	-	155	20	6	10
Donations	-	-	-	-	-	562
Miscellaneous	22,174	21,828	58,568	7,232	1,550	-
Total revenues	<u>970,384</u>	<u>444,904</u>	<u>646,722</u>	<u>75,924</u>	<u>1,556</u>	<u>572</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	4,826
Public works and streets	525,240	641,721	490,400	-	-	-
Culture and recreation	-	-	-	425,893	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>525,240</u>	<u>641,721</u>	<u>490,400</u>	<u>425,893</u>	<u>-</u>	<u>4,826</u>
Revenues over (under) expenditure	<u>445,144</u>	<u>(196,817)</u>	<u>156,322</u>	<u>(349,969)</u>	<u>1,556</u>	<u>(4,254)</u>
Other financing sources (uses)						
Transfers in	-	175,000	-	335,000	-	-
Transfers out	<u>(175,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>175,000</u>	<u>-</u>	<u>335,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	270,144	(21,817)	156,322	(14,969)	1,556	(4,254)
Fund balances, beginning of year	<u>318,022</u>	<u>542,506</u>	<u>100,819</u>	<u>54,185</u>	<u>6,043</u>	<u>10,312</u>
Fund balances, end of year	<u>\$ 588,166</u>	<u>\$ 520,689</u>	<u>\$ 257,141</u>	<u>\$ 39,216</u>	<u>\$ 7,599</u>	<u>\$ 6,058</u>

Capital Projects							Permanent	
Public Safety Vehicle	Parks Facilities Improvements	Sidewalk Program	Environmental Response	Rails to Trails Projects	Grant Projects	Cemetery Perpetual Care	Total	
\$ -	\$ 155,099	\$ -	\$ 16,295	\$ -	\$ -	\$ -	\$ 566,956	
-	-	-	-	-	-	-	1,284,957	
26,500	-	-	-	-	-	-	26,500	
-	-	-	-	-	-	-	347,146	
202	517	-	85	-	-	12	1,299	
-	-	-	-	-	-	-	562	
-	17,894	-	11,803	-	-	-	141,049	
<u>26,702</u>	<u>173,510</u>	<u>-</u>	<u>28,183</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>2,368,469</u>	
-	-	-	-	-	-	-	4,826	
-	-	-	-	-	-	-	1,657,361	
-	37,639	-	-	-	-	-	463,532	
-	-	529	20,177	-	-	-	20,706	
-	37,639	529	20,177	-	-	-	2,146,425	
<u>26,702</u>	<u>135,871</u>	<u>(529)</u>	<u>8,006</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>222,044</u>	
115,000	175,000	-	-	-	-	-	800,000	
-	-	-	-	-	-	(198)	(175,198)	
115,000	175,000	-	-	-	-	(198)	624,802	
141,702	310,871	(529)	8,006	-	-	(186)	846,846	
153,792	382,461	688	98,930	194	1,000	5,394	1,674,346	
<u>\$ 295,494</u>	<u>\$ 693,332</u>	<u>\$ 159</u>	<u>\$ 106,936</u>	<u>\$ 194</u>	<u>\$ 1,000</u>	<u>\$ 5,208</u>	<u>\$ 2,521,192</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 845,000	\$ 845,000	\$ 947,918	\$ 102,918
Interest and rents	200	200	292	92
Miscellaneous	17,000	17,000	22,174	5,174
Total revenues	862,200	862,200	970,384	108,184
Expenditures				
Current				
Public works and streets	634,800	638,800	525,240	113,560
Revenues over (under) expenditures	227,400	223,400	445,144	221,744
Other financing sources (uses)				
Transfers out	(175,000)	(175,000)	(175,000)	-
Net changes in fund balance	52,400	48,400	270,144	221,744
Fund balance, beginning of year	318,022	318,022	318,022	-
Fund balance, end of year	<u>\$ 370,422</u>	<u>\$ 366,422</u>	<u>\$ 588,166</u>	<u>\$ 221,744</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 78,000	\$ 78,000	\$ 86,037	\$ 8,037
Intergovernmental revenues				
State	300,000	300,000	337,039	37,039
Miscellaneous	16,200	16,200	21,828	5,628
Total revenues	394,200	394,200	444,904	50,704
Expenditures				
Current				
Public works and streets	736,500	683,500	641,721	41,779
Revenues over (under) expenditures	(342,300)	(289,300)	(196,817)	92,483
Other financing sources (uses)				
Transfers in	175,000	175,000	175,000	-
Net changes in fund balance	(167,300)	(114,300)	(21,817)	92,483
Fund balance, beginning of year	542,506	542,506	542,506	-
Fund balance, end of year	<u>\$ 375,206</u>	<u>\$ 428,206</u>	<u>\$ 520,689</u>	<u>\$ 92,483</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 214,400	\$ 309,000	\$ 309,525	\$ 525
Charges for services	265,500	275,500	278,474	2,974
Interest and rents	100	100	155	55
Miscellaneous	<u>11,500</u>	<u>11,500</u>	<u>58,568</u>	<u>47,068</u>
Total revenues	491,500	596,100	646,722	50,622
Expenditures				
Current				
Public works and streets	<u>524,700</u>	<u>533,000</u>	<u>490,400</u>	<u>42,600</u>
Net changes in fund balance	(33,200)	63,100	156,322	93,222
Fund balance, beginning of year	<u>100,819</u>	<u>100,819</u>	<u>100,819</u>	<u>-</u>
Fund balance, end of year	<u>\$ 67,619</u>	<u>\$ 163,919</u>	<u>\$ 257,141</u>	<u>\$ 93,222</u>

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 66,500	\$ 72,200	\$ 68,672	\$ (3,528)
Interest and rents	60	60	20	(40)
Donations	1,000	1,000	-	(1,000)
Miscellaneous	<u>3,750</u>	<u>5,650</u>	<u>7,232</u>	<u>1,582</u>
Total revenues	71,310	78,910	75,924	(2,986)
Expenditures				
Current				
Culture and recreation	<u>376,656</u>	<u>449,406</u>	<u>425,893</u>	<u>23,513</u>
Revenues over (under) expenditures	(305,346)	(370,496)	(349,969)	20,527
Other financing sources (uses)				
Transfers in	<u>250,000</u>	<u>335,000</u>	<u>335,000</u>	<u>-</u>
Net changes in fund balance	(55,346)	(35,496)	(14,969)	20,527
Fund balance, beginning of year	<u>54,185</u>	<u>54,185</u>	<u>54,185</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,161)</u>	<u>\$ 18,689</u>	<u>\$ 39,216</u>	<u>\$ 20,527</u>

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,550	\$ 550
Total revenues	1,000	1,000	1,556	556
Expenditures				
Current				
Public safety	1,000	1,000	-	1,000
Net changes in fund balance	-	-	1,556	1,556
Fund balance, beginning of year	6,043	6,043	6,043	-
Fund balance, end of year	<u>\$ 6,043</u>	<u>\$ 6,043</u>	<u>\$ 7,599</u>	<u>\$ 1,556</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and rents	\$ -	\$ -	\$ 10	\$ 10
Donations	<u>4,500</u>	<u>4,500</u>	<u>562</u>	<u>(3,938)</u>
Total revenues	4,500	4,500	572	(3,928)
Expenditures				
Current				
Public safety	<u>5,000</u>	<u>5,000</u>	<u>4,826</u>	<u>174</u>
Net changes in fund balance	(500)	(500)	(4,254)	(3,754)
Fund balance, beginning of year	<u>10,312</u>	<u>10,312</u>	<u>10,312</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,812</u>	<u>\$ 9,812</u>	<u>\$ 6,058</u>	<u>\$ (3,754)</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ 20,000	\$ 26,500	\$ 26,500	\$ -
Interest and rents	40	40	202	162
Total revenues	20,040	26,540	26,702	162
Expenditures				
Current				
Public safety	-	-	-	-
Revenues over (under) expenditures	20,040	26,540	26,702	162
Other financing sources (uses)				
Transfers in	115,000	115,000	115,000	-
Net changes in fund balance	135,040	141,540	141,702	162
Fund balance, beginning of year	153,792	153,792	153,792	-
Fund balance, end of year	<u>\$ 288,832</u>	<u>\$ 295,332</u>	<u>\$ 295,494</u>	<u>\$ 162</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, 2022

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 102,200	\$ 154,200	\$ 155,099	\$ 899
Intergovernmental revenues				
State	741,985	-	-	-
Interest and rents	100	100	517	417
Miscellaneous	250,000	-	17,894	17,894
Total revenues	1,094,285	154,300	173,510	19,210
Expenditures				
Current				
Culture and recreation	1,528,000	42,000	37,639	4,361
Revenues over (under) expenditures	(433,715)	112,300	135,871	23,571
Other financing sources (uses)				
Transfers in	215,000	175,000	175,000	-
Total other financing sources (uses)	215,000	175,000	175,000	-
Net changes in fund balance	(218,715)	287,300	310,871	23,571
Fund balance, beginning of year	382,461	382,461	382,461	-
Fund balance, end of year	<u>\$ 163,746</u>	<u>\$ 669,761</u>	<u>\$ 693,332</u>	<u>\$ 23,571</u>

CITY OF IONIA

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

JUNE 30, 2022

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 138,664	\$ -	\$ 138,664
Accounts receivable	27	-	27
Capital assets			
Land	-	387,256	387,256
Total assets	<u>\$ 138,691</u>	<u>387,256</u>	<u>525,947</u>
Deferred outflows pension related	-	73,044	73,044
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 8,782	-	8,782
Accrued liabilities	3,956	-	3,956
Due to other governments	119,154	-	119,154
Noncurrent liabilities			
Compensated absences	-	15,385	15,385
Net pension liability	-	244,817	244,817
Total liabilities	131,892	260,202	392,094
Deferred inflows pension related	-	37,765	37,765
Fund balances			
Unassigned	6,799	(6,799)	-
Total liabilities and fund balances	<u>\$ 138,691</u>		
Net position (deficit)			
Net investment in capital assets		387,256	387,256
Unrestricted (deficit)		(218,124)	(218,124)
Total net position		<u>\$ 169,132</u>	<u>\$ 169,132</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, 2022

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	Activities
Revenues			
Taxes	\$ 43,958	\$ -	\$ 43,958
Interest	30	-	30
Charges	15,000	-	15,000
Contributions from primary government	195,000	-	195,000
Miscellaneous	14,088	-	14,088
Total revenues	268,076	-	268,076
Expenditures/expenses			
Current			
Personnel services	69,462	(19,473)	49,989
Contractual services	137,653	-	137,653
Benefits	49,412	-	49,412
Materials and supplies	21,667	-	21,667
Utilities	8,415	-	8,415
Promotion	23,646	-	23,646
Contributions to primary government	92,295	-	92,295
Total expenditures/expenses	402,550	(19,473)	383,077
Revenues over (under) expenditures/expenses	(134,474)	(19,473)	(115,001)
Net changes in fund balances	(134,474)	134,474	
Change in net position		115,001	(115,001)
Fund balances/net position, beginning of year	141,273		284,133
Fund balances/net position, end of year	\$ 6,799		\$ 169,132

CITY OF IONIA

LOCAL DEVELOPMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Fund Type		Statement of Net Position
	General Fund	Adjustments	
Assets			
Cash and pooled investments	\$ 84,024	\$ -	\$ 84,024
Total assets	\$ 84,024	-	84,024
Liabilities and fund balances			
Liabilities			
Due to other governments	\$ 84,024	\$ -	\$ 84,024
Total liabilities	84,024	-	84,024
Fund balances			
Unassigned	-	-	-
Total liabilities and fund balances	\$ 84,024		
Net position			
Unrestricted		\$ -	\$ -

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, 2022

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	Activities
Revenues			
Interest	\$ 151	\$ -	\$ 151
Expenditures/expenses			
Current			
Miscellaneous	181,116	-	181,116
Revenues over (under) expenditures/expenses	(180,965)	-	(180,965)
Net changes in fund balances	(180,965)	180,965	
Change in net position		180,965	(180,965)
Fund balances/net position, beginning of year	180,965		180,965
Fund balances/net position, end of year	\$ -		\$ -

CITY OF IONIA

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

JUNE 30, 2022

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 156,453	\$ -	\$ 156,453
Total assets	<u>\$ 156,453</u>	<u>-</u>	<u>156,453</u>
Liabilities and fund balances			
Liabilities			
Due to other governments	\$ 128,839	\$ -	\$ 128,839
Total liabilities	128,839	-	<u>128,839</u>
Fund balances			
Unassigned	<u>27,614</u>	<u>(27,614)</u>	-
Total liabilities and fund balances	<u>\$ 156,453</u>		
Net position			
Unrestricted		<u>\$ 27,614</u>	<u>\$ 27,614</u>

CITY OF IONIA

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

FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund Type		Statement of Activities
	General Fund	Adjustments	Activities
Revenues			
Interest	\$ 222	\$ -	\$ 222
Expenditures			
Current			
Miscellaneous	239,726	-	239,726
Revenues over (under) expenditures/expenses	(239,504)	-	(239,504)
Net changes in fund balances	(239,504)	239,504	
Change in net position		239,504	(239,504)
Fund balances/net position, beginning of year	<u>267,118</u>		<u>267,118</u>
Fund balances/net position, end of year	<u>\$ 27,614</u>		<u>\$ 27,614</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, 2022

	<u>7/1/21 to</u> <u>9/30/2021</u>	<u>10/1/21 to</u> <u>6/30/2022</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 11,238	\$ 46,069	\$ 57,307
Contract fares	477	3,136	3,613
JARC fares	3,827	12,605	16,432
Property tax levy	75,618	56,330	131,948
Local participation	19,500	12,750	32,250
Tower rental and central dispatch fees	2,404	9,758	12,162
Interest income	50	524	574
Miscellaneous	-	727	727
Sale of capital assets	-	-	-
Total local revenues	<u>\$ 113,114</u>	<u>\$ 141,899</u>	<u>\$ 255,013</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>10/1/20 to</u> <u>6/30/2021</u>	<u>7/1/21 to</u> <u>9/30/2021</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 38,485	\$ 11,238	\$ 49,723
Contract fares	2,049	477	2,526
JARC fares	14,105	3,827	17,932
Property tax levy	9,087	75,618	84,705
Local participation	12,000	19,500	31,500
Tower rental fees	8,726	2,404	11,130
Interest income	432	50	482
Miscellaneous	-	-	-
Sale of capital assets	9,150	-	9,150
Total local revenues	<u>\$ 94,034</u>	<u>\$ 113,114</u>	<u>\$ 207,148</u>

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

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 - 2019 (receipt)	20.509	2017-0071/P13	\$ -	\$ 3,516	\$ 3,516	\$ -	\$ -	\$ -	(3,516)
Operating assistance - section 5311 - 2020 (PY accrual)	20.509	2017-0071/P18	-	(6,822)	(6,822)	-	-	-	6,822
Operating assistance - section 5311 - 2020 (accrual)	20.509	2017-0071/P18	-	6,822	6,822	-	-	-	(6,822)
Operating assistance - section 5311 - 2021 (PY accrual)	20.509	2017-0071/P21	-	(8,939)	(8,939)	-	-	-	8,939
Operating assistance - section 5311 - 2021 (receipt)	20.509	2017-0071/P21	-	88,045	88,045	-	-	-	(88,045)
Operating assistance - section 5311 - 2022 (receipt)	20.509	2022-0074/P3	-	101,170	101,170	-	-	-	(101,170)
Operating assistance - section 5311 - 2022 (accrual)	20.509	2022-0074/P3	-	19,542	19,542	-	-	-	(19,542)
Operating assistance - section 5311 - 2021 JARC (PY accrual)	20.516	2017-0071/P19	-	(40,250)	(20,125)	(20,125)	-	-	40,250
Operating assistance - section 5311 - 2021 JARC (receipt)	20.516	2017-0071/P19	168,500	85,480	42,740	42,740	-	-	83,020
Operating assistance - section 5311 - 2022 JARC (receipt)	20.516	2022-0074/P1	-	81,229	40,615	40,614	-	-	(81,229)
Operating assistance - section 5311 - 2022 JARC (accrual)	20.516	2022-0074/P1	168,500	40,740	20,370	20,370	-	-	127,760
RTAP funding (receipt)	N/A		-	3,551	3,551	-	-	-	(3,551)
Capital grant - section 5311 - FY 2022 capital (receipt)	20.509	2017-0071/P20	-	9,746	7,797	1,949	-	-	(9,746)
Total passed through Michigan Department of Transportation			<u>337,000</u>	<u>383,830</u>	<u>298,282</u>	<u>85,548</u>	<u>-</u>	<u>-</u>	<u>(46,830)</u>
Michigan Department of Transportation									
Operating assistance - Act 51 (PY accrual)	N/A	FY2019	-	(10,608)	-	(10,608)	-	-	10,608
Operating assistance - Act 51 (PY accrual)	N/A	FY2020	-	(8,373)	-	(8,373)	-	-	8,373
Operating assistance - Act 51 (reconciled)	N/A	FY2020	-	11,071	-	11,071	-	-	(11,071)
Operating assistance - Act 51 (PY accrual)	N/A	FY2021	-	(10,974)	-	(10,974)	-	-	10,974
Operating assistance - Act 51 (receipt)	N/A	FY2021	-	51,761	-	51,761	-	-	(51,761)
Operating assistance - Act 51 (receipt)	N/A	FY2022	-	155,295	-	155,295	-	-	(155,295)
Operating assistance - Act 51 (accrual)	N/A	FY2022	-	18,180	-	18,180	-	-	(18,180)
Commission on Aging Contract - 2021 (PY accrual)	N/A	2017-0071/P15	-	(6,294)	-	(6,294)	-	-	6,294
Commission on Aging Contract - 2021 (receipt)	N/A	2017-0071/P15	-	12,590	-	12,590	-	-	(12,590)
Commission on Aging Contract - 2022 (receipt)	N/A	2017-0071/P15	-	12,588	-	12,588	-	-	(12,588)
Commission on Aging Contract - 2022 (accrual)	N/A	2017-0071/P15	-	6,295	-	6,295	-	-	(6,295)
Total Operating Assistance			<u>\$ -</u>	<u>231,531</u>	<u>-</u>	<u>231,531</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (231,531)</u>
Total				<u>\$ 615,361</u>	<u>\$ 298,282</u>	<u>\$ 317,079</u>	<u>\$ -</u>		

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

	<u>Grant Number</u>	<u>7/1/21 to 9/30/2021</u>	<u>10/1/21 to 6/30/2022</u>	<u>Total</u>
Michigan Department of Transportation				
Operating assistance - Act 51 (PY accrual)	FY2019	(10,608)		(10,608)
Operating assistance - Act 51 (PY accrual)	FY2020	(8,373)		(8,373)
Operating assistance - Act 51 (reconciled)	FY2020	11,071	-	11,071
Operating assistance - Act 51 (PY accrual)	FY2021	(10,974)		(10,974)
Operating assistance - Act 51 (receipt)	FY2021	51,761	-	51,761
Operating assistance - Act 51 (receipt)	FY2022	-	155,295	155,295
Operating assistance - Act 51 (accrual)	FY2022	-	18,180	18,180
Commission on Aging Contract - 2021 (PY accrual)	2017-0071/P15	(6,294)	-	(6,294)
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15	6,294	6,296	12,590
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15		12,588	12,588
Commission on Aging Contract - 2022 (accrual)	2017-0071/P15	-	6,295	6,295
Operating assistance - section 5311 - 2021 JARC (PY accrual)	2017-0071/P19	(20,125)	-	(20,125)
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	20,125	22,615	42,740
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	-	40,614	40,614
Operating assistance - section 5311 - 2022 JARC (accrual)	2022-0074/P1	-	20,370	20,370
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P20	-	1,949	1,949
Total Michigan Department of Transportation		<u>32,877</u>	<u>284,202</u>	<u>317,079</u>
Federal grants				
Operating assistance - section 5311 - 2019 (receipt)	2017-0071/P13	-	3,516	3,516
Operating assistance - section 5311 - 2020 (PY accrual)	2017-0071/P18	(6,822)	-	(6,822)
Operating assistance - section 5311 - 2020 (accrual)	2017-0071/P18	-	6,822	6,822
Operating assistance - section 5311 - 2021 (PY accrual)	2017-0071/P21	(8,939)	-	(8,939)
Operating assistance - section 5311 - 2021 (receipt)	2017-0071/P21	44,618	43,427	88,045
Operating assistance - section 5311 - 2022 (receipt)	2022-0074/P3	-	101,170	101,170
Operating assistance - section 5311 - 2022 (accrual)	2022-0074/P3	-	19,542	19,542
Operating assistance - section 5311 - 2021 JARC (PY accrual)	2017-0071/P19	(20,125)	-	(20,125)
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	20,125	22,615	42,740
Operating assistance - section 5311 - 2022 JARC (receipt)	2022-0074/P1	-	40,615	40,615
Operating assistance - section 5311 - 2022 JARC (accrual)	2022-0074/P1	-	20,370	20,370
RTAP funding (receipt)		667	2,884	3,551
Capital grant - section 5311 - FY 2022 capital (receipt)	2017-0071/P20	-	7,797	7,797
Total federal grants		<u>29,524</u>	<u>268,758</u>	<u>298,282</u>
Total		<u>\$ 62,401</u>	<u>\$ 552,960</u>	<u>\$ 615,361</u>

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

		<u>10/1/20 to</u> <u>6/30/2021</u>	<u>7/1/21 to</u> <u>9/30/2021</u>	<u>Total</u>
Michigan Department of Transportation				
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)	FY2020	8,373	-	8,373
Operating assistance - Act 51 (PY accrual)	FY2020	-	(8,373)	(8,373)
Operating assistance - Act 51 (reconciled)	FY2020	-	11,071	11,071
Operating assistance - Act 51 (PY accrual)	FY2021	-	(10,974)	(10,974)
Operating assistance - Act 51 (receipt)	FY2021	155,295	51,761	207,056
Operating assistance - Act 51 (accrual)	FY2021	10,974	-	10,974
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
Commission on Aging Contract - 2021 (PY accrual)	2017-0071/P15	-	(6,294)	(6,294)
Commission on Aging Contract - 2021 (receipt)	2017-0071/P15	-	6,294	6,294
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	21,062	-	21,062
Operating assistance - section 5311 - 2021 JARC (receipt)	2017-0071/P19	37,486	-	37,486
Operating assistance - section 5311 - 2021 JARC (PY accrual)	2017-0071/P19	-	(20,125)	(20,125)
Operating assistance - section 5311 - 2021 JARC (accrual)	2017-0071/P19	20,125	20,125	40,250
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	<u>1,125</u>	<u>-</u>	<u>1,125</u>
Total Michigan Department of Transportation		<u>283,329</u>	<u>32,877</u>	<u>316,206</u>
Federal grants				
Operating assistance - section 5311 - 2020 (accrual)	2017-0071/P18	6,822	-	6,822
Operating assistance - section 5311 - 2020 (PY accrual)	2017-0071/P18	-	(6,822)	(6,822)
Operating assistance - section 5311 - 2021 (receipt)	2017-0071/P21	89,235	44,618	133,853
Operating assistance - section 5311 - 2021 (accrual)	2017-0071/P21	8,939	-	8,939
Operating assistance - section 5311 - 2021 (PY accrual)	2017-0071/P21	-	(8,939)	(8,939)
Operating assistance - section 5311 - 2022 (receipt)	2017-0071/P22	42,982	-	42,982
CARES Act - section 5311 - 2020 (receipt)	2017-0071/P19	47,131	-	47,131
Operating assistance - section 5311 - 2020 JARC (receipt)	2017-0071/P14	21,062	-	21,062
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	667	692
Capital grant - section 5311 - FY 2019 capital (receipt)	2017-0071/P16	<u>4,501</u>	<u>-</u>	<u>4,501</u>
Total federal grants		<u>278,308</u>	<u>29,524</u>	<u>307,832</u>
Total		<u>\$ 561,637</u>	<u>\$ 62,401</u>	<u>\$ 624,038</u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Total</u>
Local revenue	
Demand response (farebox)	
Regular service	\$ 49,723
School services	2,526
Property tax levy	84,705
Local participation	31,500
Tower rental and central dispatch fees	11,130
Interest income	482
Sale of capital assets	<u>9,150</u>
Total local revenues	<u>189,216</u>
State and Federal revenue	
Michigan Department of Transportation	
Formula operating assistance (Act 51) - FY21	<u>207,056</u>
Total Michigan Department of Transportation	<u>207,056</u>
Federal grants	
Section 5311 grant 2017-71/P21 - 2021 operating	133,853
RTAP funding receipts	<u>692</u>
Total federal grants	<u>134,545</u>
Total	<u><u>\$ 530,817</u></u>

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Nonurban</u>	<u>JARC</u>	<u>Specialized Services</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 285,331	\$ 77,323	\$ -	\$ 362,654
Fringe benefits	44,198	11,363	-	55,561
Pension - defined contribution (457 plan)	3,459	909	-	4,368
Pension - defined benefit	(65,430)	7,387	-	(58,043)
Services				
Other services	67,697	67,510	29,462	164,669
Materials and supplies				
Fuel	46,031	11,821	-	57,852
Other materials and supplies	2,879	2,038	-	4,917
Casualty and liability costs				
Insurance	5,299	1,409	-	6,708
Utilities	22,920	3,747	-	26,667
Miscellaneous	4,443	122	-	4,565
Depreciation	<u>156,555</u>	<u>-</u>	<u>-</u>	<u>156,555</u>
Total operating expenses	<u>\$ 573,382</u>	<u>\$ 183,629</u>	<u>\$ 29,462</u>	<u>\$ 786,473</u>

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

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

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

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

Pension expense above is calculated as follows:

Defined benefit plan

Actuarially required contributions paid	\$ 35,604	
GASB 68/GASB 71 adjustments to pension expense	<u>(93,647)</u>	Added as eligible expense

Defined benefit plan net pension expense \$ (58,043) 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, 2022

Expenses	Nonurban			Operating assistance - section 5311 - JARC 2017-0071/P19		
	7/1/21 to	10/1/21 to	Total	7/1/21 to	10/1/21 to	Total
	9/30/2021	6/30/2022		9/30/2021	6/30/2022	
Labor	\$ 56,398	\$ 228,933	\$ 285,331	\$ 16,846	\$ -	\$ 16,846
Fringe benefits	8,302	35,896	44,198	2,480	-	2,480
Pension	7,695	(69,666)	(61,971)	2,298	-	2,298
Service	9,966	62,014	71,980	23,858	-	23,858
Materials and supplies	9,402	39,508	48,910	2,809	-	2,809
Casualty and liability costs	-	5,299	5,299	-	-	-
Utilities	4,004	18,916	22,920	747	-	747
Miscellaneous	736	3,707	4,443	7	-	7
Depreciation	41,092	115,463	156,555	-	-	-
Total expenses	\$ 137,595	\$ 440,070	\$ 577,665	\$ 49,045	\$ -	\$ 49,045

Expenses	Operating assistance - section 5311 - JARC 2022-0074/P1			Specialized Services 2017-0071/P15		
	7/1/21 to	10/1/21 to	Total	7/1/21 to	10/1/21 to	Total
	9/30/2021	6/30/2022		9/30/2021	6/30/2022	
Labor	\$ -	\$ 60,477	\$ 60,477	\$ -	\$ -	\$ -
Fringe benefits	-	8,883	8,883	-	-	-
Pension	-	5,998	5,998	-	-	-
Service	-	43,652	43,652	6,294	-	6,294
Materials and supplies	-	11,050	11,050	-	-	-
Casualty and liability costs	-	1,409	1,409	-	-	-
Utilities	-	3,000	3,000	-	-	-
Miscellaneous	-	115	115	-	-	-
Depreciation	-	-	-	-	-	-
Total expenses	\$ -	\$ 134,584	\$ 134,584	\$ 6,294	\$ -	\$ 6,294

Expenses	Specialized Services 2017-0071/P15		
	7/1/21 to	10/1/21 to	Total
	9/30/2021	6/30/2022	
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Pension	-	-	-
Service	-	18,885	18,885
Materials and supplies	-	-	-
Casualty and liability costs	-	-	-
Utilities	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
Total expenses	\$ -	\$ 18,885	\$ 18,885

CITY OF IONIA
DIAL-A-RIDE TRANSIT FUND
OPERATING ASSISTANCE CALCULATION (5)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 251,866
Fringe benefits	71,455
Pension	35,395
Service	80,659
Materials and supplies	31,292
Casualty and liability costs	5,252
Utilities	26,775
Miscellaneous	2,286
Depreciation	<u>164,650</u>
Total expenses	<u>669,630</u>
Less ineligible expenses	
Depreciation	162,959
Expense associated with rentals	2,787
Ineligible (eligible) defined benefit pension	10,927
Ineligible portion of association dues	130
Federal grants - RTAP	<u>692</u>
Total ineligible expenses	<u>177,495</u>
State eligible expenses	<u>\$ 492,135</u>
State operating assistance - 42.0118	<u>\$ 206,755</u>
Federal eligible expenses	
State eligible expenses	\$ 492,135
Less additional federal ineligible expenses	
Audit costs	<u>3,200</u>
Federal eligible expenses	<u>\$ 488,935</u>
Setion 5311 reimbursement - 36.0%	<u>\$ 176,017</u>

*The June 30, 2021 year end GASB 68 adjustment resulted in an increase to the pension expense of \$10,927

CITY OF IONIA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>NONURBAN REGULAR SERVICE</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Vehicle miles	<u>92,010</u>	<u>3,393</u>	<u>-</u>	<u>95,403</u>
Vehicle hours	<u>7,714</u>	<u>238</u>	<u>-</u>	<u>7,952</u>
<u>JOB ACCESS REVERSE COMMUTE (JARC)</u>				
Vehicle miles	<u>38,691</u>	<u>911</u>	<u>-</u>	<u>39,602</u>
Vehicle hours	<u>2,694</u>	<u>141</u>	<u>-</u>	<u>2,835</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.

INTERNAL CONTROL AND COMPLIANCE



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

November 30, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ordebold Haefner LLC