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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Jonesville
Jonesville, 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 Jonesville, as of and for the year ended June 30, 2025, 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 of Jonesville, as of June 30, 2025, 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 of Jonesville 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.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the City of Jonesville adopted GASB Statement No. 101, *Compensated Absences*, during the year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 of Jonesville'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 and *Government 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 or one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Jonesville'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 of Jonesville'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 and budgetary comparison information pages 4 - 9 and pages 36 - 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 of Jonesville's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, on our consideration of the City of Jonesville'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 solely 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 of Jonesville's internal control over financial reporting and compliance.

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
November 6, 2025

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

Introduction

This section of the annual financial report presents management's discussion and analysis of the City's financial performance during the year ended June 30, 2025. Please read it in conjunction with the City's financial statements, which immediately follow this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$16,124,260 (net position) at the close of this fiscal year. Net position at the beginning of the fiscal year totaled \$15,912,143, showing an increase of \$212,117 during the current year.
- The City's governmental funds reported total ending fund balance of \$3,829,303 of which \$2,205,302 is unassigned and unrestricted, and available for spending at the City's discretion. This compares to the prior year ending fund balance of \$4,809,749 showing a decrease of \$980,446 during the current year.
- At the end of the current year, fund balance for the General Fund was \$2,265,783 or 156% of General Fund expenditures. This is an increase of \$107,611 from last year's ending fund balance of \$2,158,172.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

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

Statement of Net Position - This statement presents information of all of the City's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the City's financial condition as a whole is improving or deteriorating.

Statement of Activities - This report shows how the City's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of this statement is to show the financial reliance of the City's distinct activities or functions on revenues provided by the taxpayers.

Both of the above statements distinguish governmental activities from business-type activities. Governmental activities include general government, public safety, public services, zoning, and recreation, and are principally supported by property taxes and revenues from other governments. Business-type activities include water and sewer, and are intended to recover all or a significant portion of their costs through user fees and charges.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, these statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included as required supplementary information for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Proprietary Funds generally report services for which the City charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report functions presented as business-type activities, while Internal Service Funds primarily service the governmental unit and are included with governmental activities. The Water and Sewer Funds are Enterprise Funds, and the Motor Vehicle Pool is an Internal Service Fund.

The *Fiduciary Fund* (Current Tax Collection Fund) is reported in the fiduciary fund financial statements, but is excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City Programs.

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

Required Supplementary Information can be found immediately following the notes to the financial statements. This information includes budgetary comparison statements for all major funds.

Other Supplementary Information includes statements for non-major governmental funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded its liabilities by \$16,124,260 (net position) at the close of this fiscal year. Net position at the beginning of the fiscal year totaled \$15,912,143, showing an increase of \$212,117 over the prior year.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

The following table provides a summary of the City's net position:

NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Current Assets	\$ 5,654,110	\$ 4,645,753	\$ 2,829,408	\$ 3,192,045	\$ 8,483,518	\$ 7,837,798
Non-current Assets	6,087,614	7,114,552	7,956,314	7,799,162	14,043,928	14,913,714
Total Assets	\$ 11,741,724	\$ 11,760,305	\$ 10,785,722	\$ 10,991,207	\$ 22,527,446	\$ 22,751,512
Current Liabilities	\$ 739,047	\$ 637,686	\$ 213,209	\$ 535,270	\$ 952,256	\$ 1,172,956
Non-current Liabilities	1,037,000	1,006,522	4,610,761	4,447,774	5,647,761	5,454,296
Total Liabilities	\$ 1,776,047	\$ 1,644,208	\$ 4,823,970	\$ 4,983,044	\$ 6,600,017	\$ 6,627,252
Net Position:						
Net Investment in Capital Assets	\$ 5,065,321	\$ 6,138,571	\$ 3,044,326	\$ 3,025,670	\$ 8,109,647	\$ 9,164,241
Restricted	2,651,577	1,563,250	120,534	148,759	2,772,111	1,712,009
Unrestricted	2,248,779	2,414,276	2,781,606	2,833,734	5,030,385	5,248,010
Total Net Position	\$ 9,965,677	\$ 10,116,097	\$ 5,946,466	\$ 6,008,163	\$ 15,912,143	\$ 16,124,260

The City reported positive net position for governmental and business-type activities. Net position increased \$150,420 for governmental activities and \$61,697 for business-type activities; therefore, the City's overall financial position improved during fiscal year 2025.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

The following table reflects the change in net position of the City's governmental and business-type activities:

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Primary Government	
	2024	2025	2024	2025	2024	2025
Program Revenue						
Charges for Services	\$ 185,972	\$ 182,733	\$ 1,184,233	\$ 1,206,919	\$ 1,370,205	\$ 1,389,652
Operating Grants and Contributions	687,044	752,132	25,000	12,568	712,044	764,700
Capital Grants and Contributions	415,602	0	0	0	415,602	0
General Revenue						
Property Taxes	867,022	914,983	0	0	867,022	914,983
State Shared Revenue	281,434	288,078	0	0	281,434	288,078
Investment Income	223,904	224,230	141,828	141,700	365,732	365,930
Other	30,062	22,643	60,688	78,197	90,750	100,840
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0	0
Total Revenue	<u>\$ 2,691,040</u>	<u>\$ 2,384,799</u>	<u>\$ 1,411,749</u>	<u>\$ 1,439,384</u>	<u>\$ 4,102,789</u>	<u>\$ 3,824,183</u>
Expenses						
General Government	\$ 709,454	\$ 701,637	\$ 0	\$ 0	\$ 709,454	\$ 701,637
Public Safety	506,318	600,545	0	0	506,318	600,545
Economic & Community Development	4,639	3,095	0	0	4,639	3,095
Public Works	98,839	80,050	0	0	98,839	80,050
Streets, Highways, Drains	412,928	541,916	0	0	412,928	541,916
Sanitation	9,780	12,323	0	0	9,780	12,323
Culture & Recreation	109,013	126,128	0	0	109,013	126,128
Interest on Long-Term Debt	1,867	43,063	0	0	1,867	43,063
Depreciation - Unallocated	50,325	58,841	0	0	50,325	58,841
Water Utility	0	0	461,662	614,561	461,662	614,561
Sewer Utility	0	0	737,214	840,185	737,214	840,185
Total Expenses	<u>\$ 1,903,163</u>	<u>\$ 2,167,598</u>	<u>\$ 1,198,876</u>	<u>\$ 1,454,746</u>	<u>\$ 3,102,039</u>	<u>\$ 3,622,344</u>
Excess (deficiency)	\$ 787,877	\$ 217,201	\$ 212,873	\$ (15,362)	\$ 1,000,750	\$ 201,839
Transfers	(13,135)	(69,416)	13,135	69,416	0	0
CHANGE IN NET POSITION	<u>\$ 774,742</u>	<u>\$ 147,785</u>	<u>\$ 226,008</u>	<u>\$ 54,054</u>	<u>\$ 1,000,750</u>	<u>\$ 201,839</u>

Governmental Activities increased the City's net position by \$147,785. This represents an increase from last year's change in net position.

Revenues from governmental activities totaled \$2,384,799. Property tax revenue represented the largest portion of those revenues (38.3%), state shared revenue was 12.1%, and investment income was 9.4%.

The largest components of governmental activities' expenses were general government (32.4%), public safety (27.7%), and streets, highways, and drains (25.0%). General government consists of City Council, Administration, Motor Vehicle Pool, etc. Public safety includes police and fire.

Business-type Activities increased the City's net position by \$54,054. Net position will be used to repay debt on the sewer and water improvements, as well as to plan for future improvements in the water and sewer systems.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

Governmental Funds - The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted 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 June 30, 2025, the City's governmental funds reported combined ending fund balances of \$3,829,303. Of this total, approximately 57.6% was unrestricted and unassigned, indicating availability for continuing City service requirements. Although a substantial amount is unrestricted, future plans include street repairs, park and cemetery improvements, and other projects.

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the General Fund showed a healthy fund balance of \$2,158,172, representing an increase of \$186,397. Other Major Governmental Funds include Major and Local Streets. Non-major governmental funds include the State Highway and Debt Service funds. The Major Street Fund experienced an increase of \$187,301 in fund balance. The Local Street Fund experienced a decrease of \$254,418 in fund balance.

Proprietary Funds - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City's proprietary funds consist of the Water Fund, Sewer Fund, and the Motor Vehicle Pool. Total net position of the Water and Sewer Funds was \$6,008,163 at June 30, 2025, an increase of \$54,054 from the previous fiscal year. The Motor Vehicle Pool's net position at the end of this fiscal year was \$996,388, an increase of \$45,242 from the previous fiscal year.

Major Governmental Funds Budgeting and Operating Highlights

General Fund – The difference between the original and final amended budget for General Fund revenues was \$1,120,000 (\$2,927,315 vs. \$1,807,315). The decrease between the appropriations originally budgeted and the final appropriations budget was \$1,178,946 (\$2,677,347 vs. \$1,498,401). There were minor increases in City Council, City Manager, Elections, General Office, Treasurer, Assessor, City Hall, Police Department, Fire Department, Street Lighting, Landfill, Recreation and Parks. Capital Outlay was \$107,350, which included the following: City Hall Generator Transfer Switch (\$2,945.39), DPW Building overhead door openers and generator transfer switch (\$5,201.39), Fire Department heaters and painting truck bay doors (\$11,458), City Hall and Police computer replacement (\$6,853.93), City Hall/JPD internet routers (\$6,920), Police tasers (5-year contract) (\$6,667.28), Police guns/equipment (1,843.50), Fire Department equipment upgrades and truck repairs (\$12,873.77), Christmas decorations (\$3,152.60, and Carl Fast & Wright St Park improvements (\$48,940.23).

Capital Asset and Debt Administration

Capital assets at year-end were as follows:

	Governmental Activities		Business-type Activities		Primary Government	
	2024	2025	2024	2025	2024	2025
Land	\$ 189,255	\$ 189,255	\$ 2,061	\$ 2,061	\$ 191,316	\$ 191,316
Land Improvements	215,437	215,437	0	0	215,437	215,437
Buildings and Improvements	1,440,957	1,460,561	0	0	1,440,957	1,460,561
Facilities and Mains	0	0	17,447,901	17,640,756	17,447,901	17,640,756
Furniture and Equipment	1,335,503	1,374,405	1,088,269	1,133,154	2,423,772	2,507,559
Vehicles	1,621,230	1,650,163	0	0	1,621,230	1,650,163
Infrastructure	7,799,983	9,264,802	0	0	7,799,983	9,264,802
Less: Acc. Depreciation	(6,514,751)	(7,040,071)	(10,702,450)	(11,125,568)	(17,217,201)	(18,165,639)
Total Capital Assets, Net Of Depreciation	<u>\$ 6,087,614</u>	<u>\$ 7,114,552</u>	<u>\$ 7,835,781</u>	<u>\$ 7,650,403</u>	<u>\$ 13,923,395</u>	<u>\$ 14,764,955</u>

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2025

Bonds and contracts outstanding at year-end were as follows:

	Governmental Activities		Business-type Activities		Primary Government	
	2024	2025	2024	2025	2024	2025
General Government	\$ 1,000,000	\$ 955,000	\$ 0	\$ 0	\$ 1,000,000	\$ 955,000
Revenue Bonds	0	0	2,434,528	2,392,528	\$ 2,434,528	2,392,528
General Obligation Bonds	0	0	2,350,000	2,225,000	2,350,000	2,225,000
Total Long-Term Debt	<u>\$ 1,000,000</u>	<u>\$ 955,000</u>	<u>\$ 4,784,528</u>	<u>\$ 4,617,528</u>	<u>\$ 5,784,528</u>	<u>\$ 5,572,528</u>

Factors Bearing on the City's Future

The City is preparing for the retirement of two experienced staff members. Investments in training, certifications, and licensing will be critical to assure that existing and future staff are prepared for promotion and additional responsibilities. The City Council has budgeted for a wage and benefits study to assure that compensation is competitive with the market for both recruiting and retention. Continued collaboration between management and Council will assure that a positive work culture is maintained, as well.

Infrastructure investments, including clean, safe water will remain a priority. By state and federal mandate, privately-owned galvanized water services will be replaced throughout the City. The City has received an approximately \$300,000 Technical, Managerial, and Financial (TMF) grant from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) to complete an inventory of the materials in all water services. The total project cost is estimated at more than \$2 million and will be completed over 10-20 years. The first phases were completed with street projects in FY 2023-24 and 2024-25, utilizing more than \$200,000 in American Rescue Plan Act funds. The TMF grant will support technical assistance in developing a plan to address the remaining services, including an application to the Drinking Water State Revolving Fund (DWSRF).

Downtown infrastructure investments are also a priority. The "road diet" and streetscape improvement project for the US-12 corridor in 2025 is nearing completion, with collaboration with the Michigan Department of Transportation (MDOT) and is support of a Transportation Alternatives Program (TAP) grant. Following its completion, the DDA intends to complete improvements to the South Parking Lot. In addition, the City Council and DDA have worked cooperatively to negotiate a development agreement with a local developer for new investment in the site of the former Klein Tool Building. It is hoped that this project will add additional retail and housing space to the Downtown, activate the riverfront, and provide important tax base.

Staff continues to note impacts on availability, lead time, and cost of parts and equipment in all Departments. These trends will warrant careful monitoring for their potential impacts on future year budgeting and project execution.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City of Jonesville's finances. Questions or comments concerning any of the information provided in this report should be addressed to Jeff Gray, City Manager, City of Jonesville, 265 East Chicago St, Jonesville, MI 49250.

CITY OF JONESVILLE
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 116,391	\$ 68,644	\$ 185,035	\$ 537,600
Investments	4,189,545	3,057,685	7,247,230	3,905,782
Accounts Receivable	25,693	33,934	59,627	12,394
Internal Balances	146,338	14,024	160,362	0
Due from Other Governmental Units	106,380	0	106,380	0
Inventory	2,912	8,442	11,354	0
Prepaid Expense	58,494	9,316	67,810	32
Total Current Assets	<u>\$ 4,645,753</u>	<u>\$ 3,192,045</u>	<u>\$ 7,837,798</u>	<u>\$ 4,455,808</u>
Noncurrent Assets				
Capital Assets - Not Depreciated	\$ 189,255	\$ 2,061	\$ 191,316	\$ 97,544
Other Capital Assets - Net of Depreciation	6,925,297	7,648,342	14,573,639	0
Restricted Investments	0	148,759	148,759	0
Total Noncurrent Assets	<u>\$ 7,114,552</u>	<u>\$ 7,799,162</u>	<u>\$ 14,913,714</u>	<u>\$ 97,544</u>
Total Assets	<u>\$ 11,760,305</u>	<u>\$ 10,991,207</u>	<u>\$ 22,751,512</u>	<u>\$ 4,553,352</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 578,380	\$ 183,598	\$ 761,978	\$ 1,122
Internal Balances	1,021	159,341	160,362	0
Accrued Payroll	18,285	5,939	24,224	357
Customer Deposits	0	200	200	0
Interest Payable	0	13,192	13,192	0
Unearned Revenue	0	0	0	1,403
Current Portion of Long-Term Debt	40,000	173,000	213,000	0
Total Current Liabilities	<u>\$ 637,686</u>	<u>\$ 535,270</u>	<u>\$ 1,172,956</u>	<u>\$ 2,882</u>
Noncurrent Liabilities				
Bonds Payable (net of premiums & discounts)	\$ 935,981	\$ 4,438,541	\$ 5,374,522	\$ 0
Compensated Absences	70,541	9,233	79,774	0
Total Noncurrent Liabilities	<u>\$ 1,006,522</u>	<u>\$ 4,447,774</u>	<u>\$ 5,454,296</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 1,644,208</u>	<u>\$ 4,983,044</u>	<u>\$ 6,627,252</u>	<u>\$ 2,882</u>
NET POSITION				
Net Investment in Capital Assets	\$ 6,138,571	\$ 3,025,670	\$ 9,164,241	\$ 97,544
Restricted for:				
Streets	1,563,250	0	1,563,250	0
RD Bond Covenants	0	148,759	148,759	0
Unrestricted	<u>2,414,276</u>	<u>2,833,734</u>	<u>5,248,010</u>	<u>4,452,926</u>
Total Net Position	<u>\$ 10,116,097</u>	<u>\$ 6,008,163</u>	<u>\$ 16,124,260</u>	<u>\$ 4,550,470</u>

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

CITY OF JONESVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 699,002	\$ 71,872	\$ 306,445	\$ 0	\$ (320,685)
Public Safety	600,545	92,561	0	0	(507,984)
Economic and Community Development	3,095	400	0	0	(2,695)
Public Works	80,050	0	0	0	(80,050)
Streets, Highways, and Drains	541,916	0	425,775	0	(116,141)
Sanitation	12,323	0	0	0	(12,323)
Culture and Recreation	126,128	17,900	19,912	0	(88,316)
Interest on Long-Term Debt	43,063	0	0	0	(43,063)
Depreciation - Unallocated ¹	58,841	0	0	0	(58,841)
Total Governmental Activities	<u>\$ 2,164,963</u>	<u>\$ 182,733</u>	<u>\$ 752,132</u>	<u>\$ 0</u>	<u>\$ (1,230,098)</u>
Business-type Activities:					
Water	\$ 613,301	\$ 367,448	\$ 12,568	\$ 0	\$ (233,285)
Sewer	833,802	839,471	0	0	5,669
Total Business-type Activities	<u>\$ 1,447,103</u>	<u>\$ 1,206,919</u>	<u>\$ 12,568</u>	<u>\$ 0</u>	<u>\$ (227,616)</u>
Total Primary Government	<u>\$ 3,612,066</u>	<u>\$ 1,389,652</u>	<u>\$ 764,700</u>	<u>\$ 0</u>	<u>\$ (1,457,714)</u>
Component Units:					
Downtown Development Authority	\$ 122,921	\$ 0	\$ 27,542	\$ 0	\$ (95,379)
Local Development Finance Authority	96,972	0	306,193	0	209,221
Total Component Units	<u>\$ 219,893</u>	<u>\$ 0</u>	<u>\$ 333,735</u>	<u>\$ 0</u>	<u>\$ 113,842</u>
		Primary Government			Component Units
		Governmental Activities	Business-type Activities	Total	
Change in Net Position:					
Net (Expense) Revenue		<u>\$ (1,230,098)</u>	<u>\$ (227,616)</u>	<u>\$ (1,457,714)</u>	<u>\$ 113,842</u>
General Revenue:					
Property Taxes Levied for General Purposes		\$ 914,983	\$ 0	\$ 914,983	\$ 0
Property Taxes Captured		0	0	0	316,436
State Shared Revenue		288,078	0	288,078	0
Investment Income		224,230	141,700	365,930	195,248
Miscellaneous		22,643	78,197	100,840	25,714
Total General Revenue		<u>\$ 1,449,934</u>	<u>\$ 219,897</u>	<u>\$ 1,669,831</u>	<u>\$ 537,398</u>
Excess (deficiency)		<u>\$ 219,836</u>	<u>\$ (7,719)</u>	<u>\$ 212,117</u>	<u>\$ 651,240</u>
Transfers		76,828	146,244	223,072	0
		<u>(146,244)</u>	<u>(76,828)</u>	<u>(223,072)</u>	<u>0</u>
Change in Net Position		<u>\$ 150,420</u>	<u>\$ 61,697</u>	<u>\$ 212,117</u>	<u>\$ 651,240</u>
Net Position – Beginning (restated)		<u>9,965,677</u>	<u>5,946,466</u>	<u>15,912,143</u>	<u>3,899,230</u>
Net Position – Ending		<u>\$ 10,116,097</u>	<u>\$ 6,008,163</u>	<u>\$ 16,124,260</u>	<u>\$ 4,550,470</u>

¹This amount does not include depreciation that is reported in the direct expenses of the various programs

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

CITY OF JONESVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects Fund	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 71,116	\$ 0	\$ 17,226	\$ 4,160	\$ 21,052	\$ 113,554
Investments	2,435,254	0	762,825	750,731	0	3,948,810
Taxes & Accounts Receivable	24,515	0	0	1,178	0	25,693
Due from Other Funds	167	0	0	149,691	0	149,858
Due from Other Governmental Units	47,710	0	44,649	14,021	0	106,380
Inventory	2,912	0	0	0	0	2,912
Prepaid Expenditures	57,569	0	0	0	0	57,569
Total Assets	<u>\$ 2,639,243</u>	<u>\$ 0</u>	<u>\$ 824,700</u>	<u>\$ 919,781</u>	<u>\$ 21,052</u>	<u>\$ 4,404,776</u>
LIABILITIES						
Accounts Payable	\$ 351,933	\$ 0	\$ 3,879	\$ 197,001	\$ 0	\$ 552,813
Due to Other Funds	4,467	0	0	0	0	4,467
Salaries Payable	17,060	0	237	896	0	18,193
Total Liabilities	<u>\$ 373,460</u>	<u>\$ 0</u>	<u>\$ 4,116</u>	<u>\$ 197,897</u>	<u>\$ 0</u>	<u>\$ 575,473</u>
FUND BALANCES						
Nonspendable	\$ 60,481	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,481
Restricted	0	0	820,584	721,884	21,052	1,563,520
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	2,205,302	0	0	0	0	2,205,302
Total Fund Balances	<u>\$ 2,265,783</u>	<u>\$ 0</u>	<u>\$ 820,584</u>	<u>\$ 721,884</u>	<u>\$ 21,052</u>	<u>\$ 3,829,303</u>
Total Liabilities and Fund Balances	<u>\$ 2,639,243</u>	<u>\$ 0</u>	<u>\$ 824,700</u>	<u>\$ 919,781</u>	<u>\$ 21,052</u>	<u>\$ 4,404,776</u>

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

CITY OF JONESVILLE
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
June 30, 2025

Fund Balances - total governmental funds	\$ 3,829,303
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital assets	14,154,623
Deduct: Accumulated depreciation	(7,040,071)
An Internal Service Fund is used by management to charge the cost of equipment and vehicle usage to individual funds. Assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	
Add: Internal Service Fund current assets	244,487
Deduct: Internal Service Fund current liabilities	(25,723)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: Bonds and notes payable	(955,000)
Add: Bond discount	13,303
Deduct: Bond premium	(34,284)
Deduct: Compensated absences	(70,541)
Net position of governmental activities	\$ 10,116,097

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

CITY OF JONESVILLE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Capital Projects Fund	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
REVENUE						
Property Taxes	\$ 951,923	\$ 0	\$ 0	\$ 0	\$ 0	\$ 951,923
Licenses and Permits	2,838	0	0	0	0	2,838
State Shared Revenue	288,078	0	289,220	90,823	0	668,121
Grants	170,244	0	0	0	0	170,244
Charges and Fees	101,614	0	0	0	0	101,614
State Highway Contract	0	0	0	0	44,792	44,792
Recreation	37,812	0	0	0	0	37,812
Rents and Royalties	20,859	0	0	0	0	20,859
Cemetery Revenue	23,440	0	0	0	0	23,440
Contributions	4,173	0	0	0	0	4,173
Interest	129,960	0	34,409	59,858	3	224,230
Contributions from Component Units	132,028	0	0	0	0	132,028
Miscellaneous	1,285	0	500	940	0	2,725
Total Revenue	<u>\$ 1,864,254</u>	<u>\$ 0</u>	<u>\$ 324,129</u>	<u>\$ 151,621</u>	<u>\$ 44,795</u>	<u>\$ 2,384,799</u>
EXPENDITURES						
General Government	\$ 652,691	\$ 0	\$ 0	\$ 0	\$ 0	\$ 652,691
Public Safety	505,957	0	0	0	0	505,957
Economic & Community Development	3,095	0	0	0	0	3,095
Public Works	32,715	0	0	0	0	32,715
Streets, Highways, and Drains	39,223	1,022,293	123,404	491,260	39,094	1,715,274
Sanitation	12,323	0	0	0	0	12,323
Culture and Recreation	101,174	0	0	0	0	101,174
Capital Outlay	106,856	0	0	0	0	106,856
Debt Service						
Principal	0	0	0	0	45,000	45,000
Interest	0	0	0	0	44,375	44,375
Total Expenditures	<u>\$ 1,454,034</u>	<u>\$ 1,022,293</u>	<u>\$ 123,404</u>	<u>\$ 491,260</u>	<u>\$ 128,469</u>	<u>\$ 3,219,460</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 410,220</u>	<u>\$ (1,022,293)</u>	<u>\$ 200,725</u>	<u>\$ (339,639)</u>	<u>\$ (83,674)</u>	<u>\$ (834,661)</u>

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

CITY OF JONESVILLE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(continued)

	General	Capital Projects Fund	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	\$ 186,716	\$ 0	\$ 1,500	\$ 260,280	\$ 89,375	\$ 537,871
Operating Transfers Out	(489,325)	0	(14,924)	(175,059)	(4,348)	(683,656)
Total Other Financing Sources (Uses)	<u>\$ (302,609)</u>	<u>\$ 0</u>	<u>\$ (13,424)</u>	<u>\$ 85,221</u>	<u>\$ 85,027</u>	<u>\$ (145,785)</u>
NET CHANGE IN FUND BALANCES	\$ 107,611	\$ (1,022,293)	\$ 187,301	\$ (254,418)	\$ 1,353	\$ (980,446)
FUND BALANCES – Beginning	<u>2,158,172</u>	<u>1,022,293</u>	<u>633,283</u>	<u>976,302</u>	<u>19,699</u>	<u>4,809,749</u>
FUND BALANCES – Ending	<u><u>\$ 2,265,783</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 820,584</u></u>	<u><u>\$ 721,884</u></u>	<u><u>\$ 21,052</u></u>	<u><u>\$ 3,829,303</u></u>

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

CITY OF JONESVILLE
Reconciliation of Statement of Revenue, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Net changes in fund balances - total governmental funds \$ (980,446)

Amounts reported for governmental activities 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 is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital outlay	1,522,734
Deduct: Depreciation expense	(572,097)

An Internal Service Fund is used by management to charge the cost of equipment and vehicle usage to individual funds. Net revenue of the Internal Service Fund of (before depreciation) is reported with governmental activities in the statement of net position. 144,751

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add: Principal payments on long-term debt	45,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: Amortization of bond premium/discount	1,312
Deduct: Increase in accrual for compensated absences	(10,834)

Change in net position of governmental activities	\$ 150,420
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The accompanying notes are an integral part of these financial statements.

CITY OF JONESVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
ASSETS				
Current Assets				
Cash	\$ 33,144	\$ 35,500	\$ 68,644	\$ 2,827
Investments	1,132,456	1,925,229	3,057,685	240,735
Accounts Receivable	9,119	24,815	33,934	0
Due from Other Funds	0	14,024	14,024	0
Inventory	7,419	1,023	8,442	0
Prepaid Expense	672	8,644	9,316	925
Total Current Assets	<u>\$ 1,182,810</u>	<u>\$ 2,009,235</u>	<u>\$ 3,192,045</u>	<u>\$ 244,487</u>
Noncurrent Assets				
Capital Assets - Not Depreciated	\$ 2,061	\$ 0	\$ 2,061	\$ 0
Other Capital Assets, Net of Accumulated Depreciation	3,196,877	4,451,465	7,648,342	777,624
Restricted Investments - RD Bond Reserve	80,840	0	80,840	0
Restricted Investments - RD Repair, Replacement & Improvement	67,919	0	67,919	0
Total Noncurrent Assets	<u>\$ 3,347,697</u>	<u>\$ 4,451,465</u>	<u>\$ 7,799,162</u>	<u>\$ 777,624</u>
Total Assets	<u>\$ 4,530,507</u>	<u>\$ 6,460,700</u>	<u>\$ 10,991,207</u>	<u>\$ 1,022,111</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 91,770	\$ 91,828	\$ 183,598	\$ 25,567
Accrued Payroll	2,384	3,555	5,939	93
Due to Other Funds	159,341	0	159,341	63
Customer Deposits	100	100	200	0
Total Current Liabilities	<u>\$ 253,595</u>	<u>\$ 95,483</u>	<u>\$ 349,078</u>	<u>\$ 25,723</u>
Liabilities Payable from Restricted Assets				
Accrued Interest Payable	\$ 13,192	\$ 0	\$ 13,192	\$ 0
Bonds Payable - Current	43,000	130,000	173,000	0
Total Liabilities Payable from Restricted Assets	<u>\$ 56,192</u>	<u>\$ 130,000</u>	<u>\$ 186,192</u>	<u>\$ 0</u>
Noncurrent Liabilities				
Bonds Payable	\$ 2,349,528	\$ 2,095,000	\$ 4,444,528	\$ 0
Bond Discount	0	(5,987)	(5,987)	0
Compensated Absences	2,630	6,603	9,233	0
Total Noncurrent Liabilities	<u>\$ 2,352,158</u>	<u>\$ 2,095,616</u>	<u>\$ 4,447,774</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 2,661,945</u>	<u>\$ 2,321,099</u>	<u>\$ 4,983,044</u>	<u>\$ 25,723</u>
NET POSITION				
Net Investment in Capital Assets	\$ 793,218	\$ 2,232,452	\$ 3,025,670	\$ 777,624
Restricted by RD Bond Covenants:				
Bond Reserve	80,840	0	80,840	0
Repair, Replacement, & Improvement	67,919	0	67,919	0
Unrestricted	<u>926,585</u>	<u>1,907,149</u>	<u>2,833,734</u>	<u>218,764</u>
Total Net Position	<u>\$ 1,868,562</u>	<u>\$ 4,139,601</u>	<u>\$ 6,008,163</u>	<u>\$ 996,388</u>

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

CITY OF JONESVILLE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
OPERATING REVENUE				
Sales	\$ 362,948	\$ 833,108	\$ 1,196,056	\$ 0
Equipment Rental	4,500	6,363	10,863	103,888
Sale of Capital Assets	0	0	0	20,000
Other	46,409	6,788	53,197	0
Total Operating Revenue	<u>\$ 413,857</u>	<u>\$ 846,259</u>	<u>\$ 1,260,116</u>	<u>\$ 123,888</u>
OPERATING EXPENSES				
Sewage Disposal	\$ 0	\$ 484,590	\$ 484,590	\$ 0
Water Plant Operation	169,708	0	169,708	0
Water Distribution Expenses	197,502	0	197,502	0
Depreciation	170,231	252,887	423,118	99,508
Motor Vehicle Expense	0	0	0	77,646
Total Operating Expenses	<u>\$ 537,441</u>	<u>\$ 737,477</u>	<u>\$ 1,274,918</u>	<u>\$ 177,154</u>
OPERATING INCOME (LOSS)	<u>\$ (123,584)</u>	<u>\$ 108,782</u>	<u>\$ (14,802)</u>	<u>\$ (53,266)</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	\$ 53,551	\$ 88,149	\$ 141,700	\$ 8,440
Interest Expense	(75,860)	(96,325)	(172,185)	0
Total Non-operating Revenue (Expense)	<u>\$ (22,309)</u>	<u>\$ (8,176)</u>	<u>\$ (30,485)</u>	<u>\$ 8,440</u>
Income (Loss) Before Contributions and Transfers	<u>\$ (145,893)</u>	<u>\$ 100,606</u>	<u>\$ (45,287)</u>	<u>\$ (44,826)</u>
CONTRIBUTIONS AND TRANSFERS				
Contributions from Other Governments	\$ 0	\$ 0	\$ 0	\$ 13,700
Contributions from Component Units	25,000	0	25,000	0
Grants	12,568	0	12,568	0
Transfers From Other Funds	146,244	0	146,244	89,300
Transfers To Other Funds	(36,414)	(40,414)	(76,828)	(12,932)
Total Contributions and Transfers	<u>\$ 147,398</u>	<u>\$ (40,414)</u>	<u>\$ 106,984</u>	<u>\$ 90,068</u>
CHANGE IN NET POSITION	<u>\$ 1,505</u>	<u>\$ 60,192</u>	<u>\$ 61,697</u>	<u>\$ 45,242</u>
NET POSITION – Beginning (restated)	<u>1,867,057</u>	<u>4,079,409</u>	<u>5,946,466</u>	<u>951,146</u>
NET POSITION – Ending	<u><u>\$ 1,868,562</u></u>	<u><u>\$ 4,139,601</u></u>	<u><u>\$ 6,008,163</u></u>	<u><u>\$ 996,388</u></u>

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

CITY OF JONESVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Water	Sewer	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 404,785	\$ 826,788	\$ 1,231,573	\$ 0
Cash received from interfund services provided	0	0	0	104,876
Cash payments to suppliers for goods and services	65,049	(215,245)	(150,196)	(63,017)
Cash payments to employees and professional contractors for services	(193,931)	(198,261)	(392,192)	(25,960)
Other operating receipts	46,409	6,788	53,197	20,000
Net cash provided (used) by operating activities	<u>\$ 322,312</u>	<u>\$ 420,070</u>	<u>\$ 742,382</u>	<u>\$ 35,899</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Contributions from other governments	\$ 0	\$ 0	\$ 0	\$ 13,700
Contributions from component units	25,000	0	25,000	0
Grants	12,568	0	12,568	0
Transfers from other funds	146,244	0	146,244	89,300
Transfers to other funds	(36,414)	(40,414)	(76,828)	(12,932)
Net cash provided (used) by non-capital financing activities	<u>\$ 147,398</u>	<u>\$ (40,414)</u>	<u>\$ 106,984</u>	<u>\$ 90,068</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	\$ (151,464)	\$ (86,276)	\$ (237,740)	\$ (76,300)
Principal paid on bonds and loans	(42,000)	(125,000)	(167,000)	0
Interest paid on bonds and loans	(76,078)	(95,826)	(171,904)	0
Net cash provided (used) by capital and related financing activities	<u>\$ (269,542)</u>	<u>\$ (307,102)</u>	<u>\$ (576,644)</u>	<u>\$ (76,300)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 53,551	\$ 88,149	\$ 141,700	\$ 8,440
Net cash provided (used) by investment activities	<u>\$ 53,551</u>	<u>\$ 88,149</u>	<u>\$ 141,700</u>	<u>\$ 8,440</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 253,719</u>	<u>\$ 160,703</u>	<u>\$ 414,422</u>	<u>\$ 58,107</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>1,060,640</u>	<u>1,800,026</u>	<u>2,860,666</u>	<u>185,455</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 1,314,359</u></u>	<u><u>\$ 1,960,729</u></u>	<u><u>\$ 3,275,088</u></u>	<u><u>\$ 243,562</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (123,584)	\$ 108,782	\$ (14,802)	\$ (53,266)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	170,231	252,887	423,118	99,508
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,684	(363)	1,321	0
(Increase) decrease in due from other funds	35,653	(12,320)	23,333	988
(Increase) decrease in inventories	(1,596)	1,653	57	0
(Increase) decrease in prepaid expense	(71)	(1,083)	(1,154)	214
Increase (decrease) in accounts payable	80,461	75,808	156,269	21,920
Increase (decrease) in wages and benefits payable	1,197	461	1,658	(31)
Increase (decrease) in due to other funds	158,353	0	158,353	(33,434)
Increase (decrease) in customer deposits	0	0	0	0
Increase (decrease) in compensated absences	(16)	(5,755)	(5,771)	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 322,312</u></u>	<u><u>\$ 420,070</u></u>	<u><u>\$ 742,382</u></u>	<u><u>\$ 35,899</u></u>

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

CITY OF JONESVILLE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	<u>Custodial Fund</u> <u>Current Tax</u> <u>Collection</u>
ASSETS	
Cash	\$ 10
LIABILITIES	
Due to General Fund	\$ 10
NET POSITION	<u>\$ 0</u>

CITY OF JONESVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Custodial Fund</u> <u>Current Tax</u> <u>Collection</u>
ADDITIONS	
Collection of taxes for City of Jonesville and other governments	\$ 3,539,133
DEDUCTIONS	
Payment of taxes collected to City of Jonesville and other governments	<u>3,539,133</u>
Net change in fiduciary net position	\$ 0
NET POSITION - Beginning	<u>0</u>
NET POSITION - Ending	<u>\$ 0</u>

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

CITY OF JONESVILLE
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2025

	DDA	LDFA	Total Component Units
ASSETS			
Current Assets			
Cash	\$ 20,372	\$ 517,228	\$ 537,600
Investments	187,972	3,717,810	3,905,782
Accounts Receivable	8,223	4,171	12,394
Prepaid Expense	32	0	32
Total Current Assets	<u>\$ 216,599</u>	<u>\$ 4,239,209</u>	<u>\$ 4,455,808</u>
Noncurrent Assets			
Capital Assets			
Land	\$ 0	\$ 97,544	\$ 97,544
Total Noncurrent Assets	<u>\$ 0</u>	<u>\$ 97,544</u>	<u>\$ 97,544</u>
Total Assets	<u>\$ 216,599</u>	<u>\$ 4,336,753</u>	<u>\$ 4,553,352</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 330	\$ 783	\$ 1,113
Due to Primary Government	9	0	9
Unearned Revenue	0	1,403	1,403
Accrued Payroll	357	0	357
Total Liabilities	<u>\$ 696</u>	<u>\$ 2,186</u>	<u>\$ 2,882</u>
NET POSITION			
Net Investment in Capital Assets	\$ 0	\$ 97,544	\$ 97,544
Unrestricted	215,903	4,237,023	4,452,926
Total Net Position	<u><u>\$ 215,903</u></u>	<u><u>\$ 4,334,567</u></u>	<u><u>\$ 4,550,470</u></u>

See Note 1 for descriptions of component units shown in column headings

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

CITY OF JONESVILLE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2025

	DDA	LDFA	Total Component Units
EXPENSES			
Downtown Development	\$ 33,471	\$ 0	\$ 33,471
Industrial Development	0	29,394	29,394
Contributions to City activities	89,450	67,578	157,028
Total Expenses	<u>\$ 122,921</u>	<u>\$ 96,972</u>	<u>\$ 219,893</u>
PROGRAM REVENUE			
Charges for Services	\$ 0	\$ 0	\$ 0
Operating Grants and Contributions	27,542	306,193	333,735
Capital Grants and Contributions	0	0	0
Total Program Revenue	<u>\$ 27,542</u>	<u>\$ 306,193</u>	<u>\$ 333,735</u>
NET (EXPENSE) REVENUE	<u>\$ (95,379)</u>	<u>\$ 209,221</u>	<u>\$ 113,842</u>
GENERAL REVENUE			
Property Taxes Captured	\$ 187,416	\$ 129,020	\$ 316,436
Rent Income	0	25,714	25,714
Investment Income	6,790	188,458	195,248
Other Income	0	0	0
Total General Revenue	<u>\$ 194,206</u>	<u>\$ 343,192</u>	<u>\$ 537,398</u>
CHANGE IN NET POSITION	\$ 98,827	\$ 552,413	\$ 651,240
NET POSITION – Beginning	<u>117,076</u>	<u>3,782,154</u>	<u>3,899,230</u>
NET POSITION - Ending	<u><u>\$ 215,903</u></u>	<u><u>\$ 4,334,567</u></u>	<u><u>\$ 4,550,470</u></u>

See Note 1 for descriptions of component units shown in column headings

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

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jonesville comprises a population of approximately 2,176 residents in Hillsdale County, Michigan. It is governed by a seven-member council with a Mayor as its head. As required by generally accepted accounting principles, these financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the City (as distinct from legal relationships).

The following component units are reported in the City's financial statements:

- The Local Development Finance Authority (LDFA) was created under Public Act 281 of 1986 of the State of Michigan. The LDFA's purpose is to work towards the elimination of the causes of unemployment, underemployment and joblessness, and to promote economic growth in the City of Jonesville.
- The Downtown Development Authority (DDA) was created under Public Act 197 of 1975 of the State of Michigan. The DDA's purpose is to eliminate the causes of deterioration of property values in the business district of the City and to promote economic growth.

The City appoints the majority of the Boards of Directors of the LDFA and DDA. The budgets of both entities require the City's approval, and their main revenue source (tax increment financing) is a financial burden to the City.

The accounting policies of the City of Jonesville conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies used by City of Jonesville:

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net position and the statement of activities display financial information about the City as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by property taxes and City general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, State Revenue Sharing, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) and all relevant pronouncements of the Governmental Accounting Standards Board (GASB).

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary fund and component unit financial statements also report using this same focus and basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes, State revenue sharing, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements.

Financial Statement Presentation

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The City reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Capital Projects Fund – used to account for bond proceeds and expenditures related to the West St/Adrian St project.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. Major Streets and Local Streets).

The City reports the following major enterprise funds:

Water Utilities Fund - accounts for the operating activities of the City's water utilities services.

Sewer Utilities Fund - accounts for the operating activities of the City's sewer utilities services.

Additionally, the City reports the following non-major fund types:

Special Revenue Fund – State Highway Fund

Debt Retirement Fund - used to account for the accumulation of resources for and the payment of principal and interest on the City's general obligation debt.

Internal Service Fund - accounts for the financing of goods and services provided by one department to other departments within the City on a cost-reimbursement basis (i.e. equipment and vehicle usage). This is a proprietary fund reported with governmental activities in the government-wide statements.

Fiduciary Fund - accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others (i.e. property taxes collected for other governments).

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less. Investments in this account are stated at cost which equals market value.

Inventories - Inventories are stated at cost, which approximates market, using the first-in/first-out method.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets paid for by component units are transferred to the primary government and are also reported in the government-wide statements. Proprietary Fund capital assets are reported in their respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	50 years
Furniture & Equipment	5 - 20 years
Vehicles	5 years
Infrastructure	20 - 30 years

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation, retirement, or death.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net position.

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

Fund Balance - In accordance with Governmental Account Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, the fund financial statements report the following components of fund balance:

- Non-spendable: Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed: Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only by a resolution of the City Council.
- Assigned: Amounts that are intended to be spent on specific purposes, as expressed by the City Council or by a committee or individual designated by the City Council.
- Unassigned: Amounts that are available for day-to-day operations.

The City considers restricted funds to be spent first when expenditures are incurred for which both restricted and unrestricted amounts are available.

The City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the City Council at the function level. Any budgetary modifications may only be made by resolution of the City Council. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the City, transfer of appropriations may be made by the authorization of the City Manager. Such transfers appropriations must be approved by the City Council at its next regularly scheduled meeting.
- 5) The City Manager is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

NOTE 3 - DEPOSITS AND INVESTMENTS

State of Michigan laws authorize the City to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The City's investment policy puts no further limits on its investment choices.

Deposits

Following are the components of the City's bank deposits at June 30, 2025:

	Primary Government	Component Units
Cash on hand	\$ 450	\$ 0
Checking and savings accounts	185,126	32,563
Certificates of deposit	0	505,037
	<u>\$ 185,576</u>	<u>\$ 537,600</u>

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investments

Following are the components of the City's investments at June 30, 2025:

	Primary Government	Component Units
MBIA CLASS Investment Pool	<u>\$ 7,395,989</u>	<u>\$ 3,905,781</u>

The City's deposits and investments are subject to several types of risk, which are examined in more detail as follows:

Interest Rate Risk - In accordance with its investment policy, the City manages its exposure to declines in fair values due to changes in general interest rates by structuring the portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate securities at a loss prior to maturity.

Credit Risk – The City minimizes credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the safest types of securities, pre-qualifying the financial institutions with which the City will do business, and diversifying the portfolio so that potential losses on individual securities will be minimized. As of June 30, 2025, the City's investment in the MBIA CLASS Investment Pool was rated AAAm by Standard & Poor's.

Concentration of credit risk – The City minimizes the risk associated with placing a large portion of the portfolio with a single issuer by diversifying the portfolio so that the impact of potential losses from any one investment will be minimized.

Custodial credit risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At June 30, 2025, the carrying amount of the City's deposits was \$722,726 and the bank balance was \$788,432. \$750,000 of the bank balance was covered by federal depository insurance, and the remaining \$38,432 was uninsured. The City minimizes custodial credit risk by holding all investments in the City's name.

Foreign currency risk – The City is not authorized to invest in investments which have this type of risk.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2025, consist of State revenue sharing, State highway contract revenue, utility and other receivables. All receivables are considered collectible in full due to the ability to lien for the nonpayment of utility bills and the stable condition of State programs.

A summary of the principal items of receivables follows:

	General Fund	Major Street	Local Street	Proprietary Funds	Total
State Revenue Sharing	\$ 47,710	\$ 44,649	\$ 14,021	\$ 0	\$ 106,380
Property Taxes	15,472	0	0	0	15,472
Utility customers	0	0	0	30,075	30,075
Other Receivables	9,042	0	1,178	3,860	14,080
Total	<u>\$ 72,224</u>	<u>\$ 44,649</u>	<u>\$ 15,199</u>	<u>\$ 33,935</u>	<u>\$ 166,007</u>

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
PRIMARY GOVERNMENT				
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 189,255	\$ 0	\$ 0	\$ 189,255
Capital assets being depreciated				
Land Improvements	\$ 215,437	\$ 0	\$ 0	\$ 215,437
Buildings & Improvements	1,440,957	19,604	0	1,460,561
Furniture & Equipment	1,335,503	38,902	0	1,374,405
Vehicles	1,621,230	75,710	(46,777)	1,650,163
Infrastructure	7,799,983	1,464,819	0	9,264,802
Less accumulated depreciation	(6,514,751)	(572,097)	46,777	(7,040,071)
Total capital assets being depreciated, net	\$ 5,898,359	\$ 1,026,938	\$ 0	\$ 6,925,297
Total capital assets, net	\$ 6,087,614	\$ 1,026,938	\$ 0	\$ 7,114,552
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	\$ 2,061	\$ 0	\$ 0	\$ 2,061
Capital assets being depreciated				
Facilities & Mains	\$ 17,447,901	\$ 192,855	\$ 0	\$ 17,640,756
Machinery & Equipment	1,088,269	44,885	0	1,133,154
Less accumulated depreciation	(10,702,450)	(423,118)	0	(11,125,568)
Total capital assets being depreciated, net	\$ 7,833,720	\$ (185,378)	\$ 0	\$ 7,648,342
Total capital assets, net	\$ 7,835,781	\$ (185,378)	\$ 0	\$ 7,650,403
PRIMARY GOVERNMENT				
Total capital assets, net	\$ 13,923,395	\$ 841,560	\$ 0	\$ 14,764,955
COMPONENT UNITS				
Capital assets not being depreciated				
Land	\$ 97,544	\$ 0	\$ 0	\$ 97,544

Depreciation expense was charged to activities of the City as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 35,477	Water	\$ 170,231
Public Safety	94,588	Sewer	252,887
Public Improvements	47,335	Total	\$ 423,118
Streets, Highways and Drains	310,902		
Culture and Recreation	24,954		
Unallocated	58,841		
Total	\$ 572,097		

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2025, is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 94	Water Fund	\$ 94
General Fund	63	Motor Vehicle Pool	63
General Fund	10	Current Tax Fund	10
Local Streets	146,244	Water Fund	146,244
Local Streets	3,446	General Fund	3,446
Sewer Fund	13,003	Water Fund	13,003
Sewer Fund	1,021	General Fund	1,021
	<u>\$ 163,881</u>		<u>\$ 163,881</u>

Interfund transfers during the year consisted of the following:

	Transfer From						Motor Vehicle Pool	Total
	General Fund	Major Streets	Local Streets	State Highway	Water	Sewer		
Transfer to:								
General Fund	\$ 0	\$ 14,924	\$ 85,684	\$ 4,348	\$ 34,414	\$ 34,414	\$ 12,932	\$ 186,716
Major Streets	1,500	0	0	0	0	0	0	1,500
Local Streets	260,280	0	0	0	0		0	260,280
Debt Service	0	0	89,375	0	0	0	0	89,375
Motor Vehicle Pool	81,300	0	0	0	6,000	2,000	0	89,300
Water Fund	146,244	0	0	0	0	0	0	146,244
Total	<u>\$ 489,324</u>	<u>\$ 14,924</u>	<u>\$ 175,059</u>	<u>\$ 4,348</u>	<u>\$ 40,414</u>	<u>\$ 36,414</u>	<u>\$ 12,932</u>	<u>\$ 773,415</u>

Transfers are used to (1) account for overhead services provided by the General Fund to other funds, (2) to provide for future acquisition of capital assets.

NOTE 7 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

West St/Adrian St Bonds – During the year 2023-24, the City issued bonds in the amount of \$1,000,000 for the reconstruction of West Street and Adrian Street.

Refunding Bonds - During the year 2005-06, the City completed construction on a new sewage treatment plant, funded partially by a \$4,065,000 loan from the USDA Rural Development Office. In March, 2014, the City issued \$3,485,000 in general obligation bonds to refund the USDA loan.

Water Revenue Bonds – During the year 2018-19, the City issued revenue bonds in the amount of \$2,765,000 for the acquisition, construction, and equipping of improvements to the water supply system.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - LONG-TERM DEBT (continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	Balance 6/30/2024	Increases	Decreases	Balance 6/30/2025
Primary Government				
<i>Governmental Activities</i>				
West St/Adrian St Bonds	\$ 1,000,000	\$ 0	\$ (45,000)	\$ 955,000
Compensated Absences	59,707	10,834	0	70,541
Total Governmental Activities	<u>\$ 1,059,707</u>	<u>\$ 10,834</u>	<u>\$ (45,000)</u>	<u>\$ 1,025,541</u>
<i>Business-type Activities</i>				
Refunding Bonds – Sewer Fund	\$ 2,350,000	\$ 0	\$ (125,000)	\$ 2,225,000
Revenue Bonds - Water Fund	2,434,528	0	(42,000)	2,392,528
Compensated Absences	15,004	0	(5,771)	9,233
Total Business-type Activities	<u>\$ 4,799,532</u>	<u>\$ 0</u>	<u>\$ (172,771)</u>	<u>\$ 4,626,761</u>
Total Primary Government Long-Term Debt	<u>\$ 5,859,239</u>	<u>\$ 10,834</u>	<u>\$ (217,771)</u>	<u>\$ 5,652,302</u>

Interest rates, maturity dates, and current portions for the above obligations are as follows:

	Interest Rate(s)	Maturity Date	Current Portion
West St/Adrian St Bonds	4.0% - 5.0%	1/1/2041	\$ 40,000
Refunding Bonds – Sewer Fund	2.00% - 4.15%	1/1/2038	130,000
Revenue Bonds – Water Fund	3.125%	5/1/2059	43,000
			<u>\$ 213,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 40,000	\$ 42,750	\$ 173,000	\$ 172,008
2027	40,000	40,750	184,000	165,464
2028	45,000	38,750	191,000	158,489
2029	50,000	36,500	197,000	151,251
2030	50,000	34,000	204,000	143,782
2031-2035	295,000	129,250	1,147,000	595,133
2036-2040	355,000	59,600	935,000	354,876
2041-2045	80,000	3,200	362,000	247,938
2046-2050	0	0	422,000	187,750
2051-2055	0	0	493,000	117,500
2056-2058	0	0	309,528	31,969
Total	<u>\$ 955,000</u>	<u>\$ 384,800</u>	<u>\$ 4,617,528</u>	<u>\$ 2,326,160</u>

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 8 – COMPONENT UNIT CONTRIBUTIONS

During the year, the City's Local Development Finance Authority (LDFA) and Downtown Development Authority (DDA) contributed the following amounts to support the City's operations:

LDFA:		DDA:	
<u>General Fund</u>		<u>General Fund</u>	
Salaries and wages	\$ 35,714	Salaries and wages	\$ 33,770
Street light electricity	5,304	Parking Lot Maintenance	11,000
Other	1,560	Capital Outlay	40,000
		Other	<u>4,680</u>
<u>Water Fund</u>			
Debt service	<u>25,000</u>		
TOTAL	<u>\$ 67,578</u>	TOTAL	<u>\$ 89,450</u>

NOTE 9 - COMPENSATED ABSENCES

Vested or accumulated vacation days and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The entire compensated absence liability is reported on the government-wide financial statements. Employees of the City can accumulate vacation pay up to a maximum of 16 to 39 days depending on years of service, and employees have a vested right of 100% of allowable accumulated vacation pay upon termination. Accumulated sick time is vested based on years of service and the vested amount is payable upon termination.

NOTE 10 - SEGMENT INFORMATION

The City issues separate revenue bonds to finance its water and sewer departments. The fund financial statements report major funds with revenue - supported debt for the water and sewer funds. Services provided by these funds are described in Note 1.

NOTE 11 - PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in amounts equal to the total taxes levied. The total levy for 2024 was 16.388 mills. From this total, 4.6823 was transferred to the Local Streets Fund by vote of the City Council. The 2024 total state taxable value was approximately \$74,104,000 (\$72,198,000 ad valorem and \$1,906,000 industrial facilities tax). City properties are assessed as of December 31 (the lien date) - taxes levied July 1 of the succeeding year and are due without interest to September 15. After the final collection date, unpaid real property taxes are added to the county delinquent tax rolls. Personal property taxes unpaid continue to be collected by the City Treasurer.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The City of Jonesville provides pension benefits for all of its full-time employees through a defined contribution money purchase plan administered by the International City Managers Association Retirement Corporation (ICMA-RC). All full-time employees are eligible to participate in the plan after 6 months of full-time service. Participants are vested incrementally, with full vesting after four years of continuous full-time service. The City is required to contribute 5% of covered payroll. If the employee makes a voluntary contribution of 5%, then the City contributes an additional 2%. Employees hired after January 1, 2010, must contribute at least 5% to be eligible for the 5% employer match.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN (continued)

The activity in the plan for 2024-25 is as follows:

Asset Value - June 30, 2024	\$ 1,989,367
Employer Contributions	38,924
Employee Contributions	48,551
Investment Gain (Loss)	193,804
Distributions	<u>(501,777)</u>
Asset Value - June 30, 2025	<u><u>\$ 1,768,869</u></u>

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The City has purchased commercial insurance for each of these areas of risk and there have been no significant reduction in insurance coverages. Settled claims have not exceeded the amount of insurance coverage for the current or the three prior years.

NOTE 14 - UNEMPLOYMENT TAXES

The City is a reimbursing employer to the Michigan Unemployment Insurance Agency and, as such, is responsible to pay the Agency for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or not filed.

NOTE 15 – FUND BALANCE CONSTRAINTS

Fund balances have been constrained for the following purposes:

		Capital				
		General	Projects	Major	Local	State
		Fund	Fund	Streets	Streets	Highway
Nonspendable:	Inventory	\$ 2,912	\$ 0	\$ 0	\$ 0	\$ 0
	Prepaid Expenditures	57,569	0	0	0	0
Restricted:	Streets	0	0	820,584	721,884	21,052

NOTE 16 – TAX ABATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, requires the disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenue. Disclosure of information about the nature and magnitude of tax abatements is intended to make these transactions more transparent to financial statement users.

The City receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions they have granted. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds under this program totaled \$15,618.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 6, 2025, the date on which the financial statements were available to be issued.

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

As the result of this adoption, beginning net position was restated as follows:

	Governmental <u>Activities</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Net Position, as previously reported	\$ 9,968,312	\$ 1,868,317	\$ 4,085,792
Change in accounting principle	<u>(2,635)</u>	<u>(1,260)</u>	<u>(6,383)</u>
Net Position, as restated	<u>\$ 9,965,677</u>	<u>\$ 1,867,057</u>	<u>\$ 4,079,409</u>

NOTE 19 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2025, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A)
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results
- b. Unusual or infrequent items
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses
 - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements.
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

CITY OF JONESVILLE
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
REVENUE				
Property Taxes	\$ 968,413	\$ 968,413	\$ 951,923	\$ (16,490)
Licenses and Permits	1,560	1,560	2,838	1,278
State Shared Revenue	289,034	289,034	288,078	(956)
Grants	154,272	178,272	170,244	(8,028)
Charges and Fees	97,100	97,100	101,614	4,514
Recreation	26,500	26,500	37,812	11,312
Rents and Royalties	25,000	25,000	20,859	(4,141)
Cemetery Revenue	27,000	27,000	23,440	(3,560)
Contributions	2,850	2,850	4,173	1,323
Interest	25,000	50,000	129,960	79,960
Contributions from Component Units	1,310,586	141,586	132,028	(9,558)
Miscellaneous	0	0	1,285	1,285
Total Revenue	<u>\$ 2,927,315</u>	<u>\$ 1,807,315</u>	<u>\$ 1,864,254</u>	<u>\$ 56,939</u>
EXPENDITURES				
General Government				
City Council	\$ 28,000	\$ 30,700	\$ 30,583	\$ (117)
City Manager	134,552	142,135	141,804	(331)
Elections	4,100	7,300	7,088	(212)
City Clerk	65,922	0	0	0
General Office	262,602	291,970	291,744	(226)
Board of Review	1,045	1,045	791	(254)
Treasurer	3,000	3,725	3,707	(18)
Assessor	23,860	24,460	24,422	(38)
Data Processing	21,125	21,125	18,868	(2,257)
City Hall	14,015	19,715	19,143	(572)
Cemetery	87,865	74,865	73,401	(1,464)
Freedom Memorial	900	900	791	(109)
Fringe Benefits	44,420	44,420	26,907	(17,513)
Insurance	14,500	14,500	13,442	(1,058)

CITY OF JONESVILLE
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025
(continued)

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Public Safety				
Police	338,794	347,894	347,441	(453)
Fire	149,430	158,530	158,516	(14)
Economic & Community Development				
Planning & Zoning	4,396	4,396	3,095	(1,301)
Public Works				
Parking Lots	14,090	14,090	11,901	(2,189)
Sidewalks	1,210,430	1,430	350	(1,080)
Other	26,340	26,340	20,464	(5,876)
Streets, Highways, and Drains				
Street Lighting	33,000	39,250	39,223	(27)
Sanitation				
Landfill	8,325	12,825	12,323	(502)
Culture and Recreation				
Recreation	43,416	48,016	47,910	(106)
Parks	33,835	45,535	45,360	(175)
Rail/Trail	15,885	15,885	7,904	(7,981)
Capital Outlay	93,500	107,350	106,856	(494)
Total Expenditures	<u>\$ 2,677,347</u>	<u>\$ 1,498,401</u>	<u>\$ 1,454,034</u>	<u>\$ (44,367)</u>
REVENUE OVER (UNDER)				
EXPENDITURES	<u>\$ 249,968</u>	<u>\$ 308,914</u>	<u>\$ 410,220</u>	<u>\$ 101,306</u>
OTHER FINANCING				
SOURCES (USES)				
Operating Transfers In	\$ 180,575	\$ 180,575	\$ 186,716	\$ 6,141
Operating Transfers Out	<u>(459,272)</u>	<u>(492,172)</u>	<u>(489,325)</u>	<u>2,847</u>
Total Other				
Financing Sources (Uses)	<u>\$ (278,697)</u>	<u>\$ (311,597)</u>	<u>\$ (302,609)</u>	<u>\$ 8,988</u>
NET CHANGE IN FUND BALANCES	<u>\$ (28,729)</u>	<u>\$ (2,683)</u>	<u>\$ 107,611</u>	<u>\$ 110,294</u>
FUND BALANCES - Beginning	<u>2,158,172</u>	<u>2,158,172</u>	<u>2,158,172</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 2,129,443</u></u>	<u><u>\$ 2,155,489</u></u>	<u><u>\$ 2,265,783</u></u>	<u><u>\$ 110,294</u></u>

CITY OF JONESVILLE
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
State Shared Revenue	\$ 287,615	\$ 287,615	\$ 289,220	\$ 1,605
Interest	10,000	33,030	34,409	1,379
Miscellaneous	5,000	5,000	500	(4,500)
Total Revenue	<u>\$ 302,615</u>	<u>\$ 325,645</u>	<u>\$ 324,129</u>	<u>\$ (1,516)</u>
EXPENDITURES				
Street Construction	\$ 0	\$ 52,030	\$ 51,990	\$ (40)
Routine Maintenance	89,795	89,795	52,191	(37,604)
Traffic Control	4,405	4,405	701	(3,704)
Winter Maintenance	22,915	22,915	18,522	(4,393)
Total Expenditures	<u>\$ 117,115</u>	<u>\$ 169,145</u>	<u>\$ 123,404</u>	<u>\$ (45,741)</u>
REVENUE OVER (UNDER)				
EXPENDITURES	<u>\$ 185,500</u>	<u>\$ 156,500</u>	<u>\$ 200,725</u>	<u>\$ 44,225</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 0	\$ 0	\$ 1,500	\$ 1,500
Transfers Out	(58,924)	(29,924)	(14,924)	15,000
Total Other Financing Sources (Uses)	<u>\$ (58,924)</u>	<u>\$ (29,924)</u>	<u>\$ (13,424)</u>	<u>\$ 16,500</u>
NET CHANGE IN FUND BALANCES	<u>\$ 126,576</u>	<u>\$ 126,576</u>	<u>\$ 187,301</u>	<u>\$ 60,725</u>
FUND BALANCES - Beginning	633,283	633,283	633,283	0
FUND BALANCES - Ending	<u><u>\$ 759,859</u></u>	<u><u>\$ 759,859</u></u>	<u><u>\$ 820,584</u></u>	<u><u>\$ 60,725</u></u>

CITY OF JONESVILLE
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
State Shared Revenue	\$ 90,448	\$ 90,448	\$ 90,823	\$ 375
Interest	15,000	15,000	59,858	44,858
Miscellaneous	925	925	940	15
Total Revenue	<u>\$ 106,373</u>	<u>\$ 106,373</u>	<u>\$ 151,621</u>	<u>\$ 45,248</u>
EXPENDITURES				
Street Construction	\$ 445,135	\$ 405,842	\$ 341,595	\$ (64,247)
Routine Maintenance	112,970	129,970	129,652	(318)
Traffic Control	3,941	2,941	707	(2,234)
Winter Maintenance	18,335	18,335	18,164	(171)
Administration	0	1,500	1,142	(358)
Total Expenditures	<u>\$ 580,381</u>	<u>\$ 558,588</u>	<u>\$ 491,260</u>	<u>\$ (67,328)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (474,008)</u>	<u>\$ (452,215)</u>	<u>\$ (339,639)</u>	<u>\$ 112,576</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 458,272	\$ 458,272	\$ 260,280	\$ (197,992)
Transfers Out	(167,684)	(175,060)	(175,059)	1
Total Other Financing Sources (Uses)	<u>\$ 290,588</u>	<u>\$ 283,212</u>	<u>\$ 85,221</u>	<u>\$ (197,991)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (183,420)</u>	<u>\$ (169,003)</u>	<u>\$ (254,418)</u>	<u>\$ (85,415)</u>
FUND BALANCES - Beginning	<u>976,302</u>	<u>976,302</u>	<u>976,302</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 792,882</u></u>	<u><u>\$ 807,299</u></u>	<u><u>\$ 721,884</u></u>	<u><u>\$ (85,415)</u></u>

CITY OF JONESVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Debt Service Fund	State Highway Fund	Total
ASSETS			
Cash	\$ 0	\$ 21,052	\$ 21,052
Due from Other Governmental Units	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 21,052</u>	<u>\$ 21,052</u>
LIABILITIES			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Payroll	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCE			
Nonspendable	\$ 0	\$ 0	\$ 0
Restricted	0	21,052	21,052
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 21,052</u>	<u>\$ 21,052</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 21,052</u>	<u>\$ 21,052</u>

CITY OF JONESVILLE
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Debt Service Fund	State Highway Fund	Total
REVENUE			
State Highway Contract	\$ 0	\$ 44,792	\$ 44,792
Interest Income	0	3	3
Total Revenue	<u>\$ 0</u>	<u>\$ 44,795</u>	<u>\$ 44,795</u>
EXPENDITURES			
Streets, Highways, Drains			
Routine Maintenance	\$ 0	\$ 20,713	\$ 20,713
Traffic Control	0	949	949
Winter Maintenance	0	17,432	17,432
Debt Service			
Principal	45,000	0	45,000
Interest	44,375	0	44,375
Total Expenditures	<u>\$ 89,375</u>	<u>\$ 39,094</u>	<u>\$ 128,469</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (89,375)</u>	<u>\$ 5,701</u>	<u>\$ (83,674)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	\$ 89,375	\$ 0	\$ 89,375
Operating Transfers Out	0	(4,348)	(4,348)
Total Other Financing Sources (Uses)	<u>\$ 89,375</u>	<u>\$ (4,348)</u>	<u>\$ 85,027</u>
NET CHANGES IN FUND BALANCES	\$ 0	\$ 1,353	\$ 1,353
FUND BALANCES - Beginning	0	19,699	19,699
FUND BALANCES - Ending	<u><u>\$ 0</u></u>	<u><u>\$ 21,052</u></u>	<u><u>\$ 21,052</u></u>



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INDEPENDENT AUDITOR'S 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

To the City Council
City of Jonesville
Jonesville, 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 Jonesville as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Jonesville's basic financial statements and have issued our report thereon dated November 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jonesville'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 of Jonesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jonesville'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jonesville's financial statements are free of 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
November 6, 2025



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November 6, 2025

To the City Council
City of Jonesville
Jonesville, Michigan

We have audited 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 Jonesville as of and for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 18, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Jonesville are described in Note 1 to the financial statements. The City adopted GASB Statement No. 101, *Compensated Absences*, during the year. The application of existing policies was not changed during the year, and we noted no transactions entered into by the City of Jonesville during the year for which there is a lack of authoritative guidance on consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the calculation of depreciation expense on capital assets.

Management's estimate of the depreciation expense is based on estimating the useful lives of capital assets and spreading the assets cost out over their useful lives as depreciation expense. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Jonesville's financial statements or a determination of the type of auditor's opinion that may be expressed on those statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Jonesville's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Jonesville and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Bailey, Hodshire & Company, P.C.

Bailey, Hodshire & Company, P.C.