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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, 2023, 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, 2023, 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.

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 3 - 8 and pages 34 - 37 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, 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, 2023

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2023

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, 2023. 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 \$14,911,393 (net position) at the close of this fiscal year. Net position at the beginning of the fiscal year totaled \$14,711,398, showing an increase of \$199,995 during the current year.
- The City's governmental funds reported total ending fund balance of \$3,451,320 of which \$1,948,375 is unassigned and unrestricted, and available for spending at the City's discretion. This compares to the prior year ending fund balance of \$3,129,894 showing an increase of \$321,426 during the current year.
- At the end of the current year, fund balance for the General Fund was \$1,971,775 or 154% of General Fund expenditures. This is an increase of \$138,225 from last year's ending fund balance of \$1,833,550.

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, 2023

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 \$14,911,393 (net position) at the close of this fiscal year. Net position at the beginning of the fiscal year totaled \$14,711,398, showing an increase of \$199,995 over the prior year.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2023

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

NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Current Assets	\$ 3,869,033	\$ 3,916,984	\$ 2,571,518	\$ 2,538,879	\$ 6,440,551	\$ 6,455,863
Non-current Assets	5,851,147	5,832,113	8,278,128	8,206,111	14,129,275	14,038,224
Total Assets	\$ 9,720,180	\$ 9,749,097	\$ 10,849,646	\$ 10,744,990	\$ 20,569,826	\$ 20,494,087
Current Liabilities	\$ 582,257	\$ 496,235	\$ 196,622	\$ 242,816	\$ 778,879	\$ 739,051
Non-current Liabilities	117,797	61,927	4,961,752	4,781,713	5,079,549	4,843,640
Total Liabilities	\$ 700,054	\$ 558,162	\$ 5,158,374	\$ 5,024,529	\$ 5,858,428	\$ 5,582,691
Net Position:						
Net Investment in						
Capital Assets	\$ 5,679,933	\$ 5,775,740	\$ 3,095,712	\$ 3,157,157	\$ 8,775,645	\$ 8,932,897
Restricted	1,296,344	1,479,545	67,548	92,790	1,363,892	1,572,335
Unrestricted	2,043,849	1,935,650	2,528,012	2,470,511	4,571,861	4,406,161
Total Net Position	\$ 9,020,126	\$ 9,190,935	\$ 5,691,272	\$ 5,720,458	\$ 14,711,398	\$ 14,911,393

The City reported positive net position for governmental and business-type activities. Net position increased \$170,809 for governmental activities and \$29,186 for business-type activities; therefore, the City's overall financial position improved during fiscal year 2023.

City of Jonesville, Michigan
Management's Discussion and Analysis (MD&A)
For the year ended June 30, 2023

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	
	2022	2023	2022	2023	2022	2023
Program Revenue						
Charges for Services	\$ 151,059	\$ 186,868	\$ 1,114,086	\$ 1,154,799	\$ 1,265,145	\$ 1,341,667
Operating Grants and Contributions	578,724	561,465	25,000	25,000	603,724	586,465
Capital Grants and Contributions	126,000	0	0	0	126,000	0
General Revenue						
Property Taxes	774,929	824,172	0	0	774,929	824,172
State Shared Revenue	284,483	281,564	0	0	284,483	281,564
Investment Income	8,257	145,594	6,139	101,398	14,396	246,992
Other	385,081	32,104	59,234	52,264	444,315	84,368
Gain (Loss) on Sale of Capital Assets	0	(24,558)	0	0	0	(24,558)
Total Revenue	<u>\$ 2,308,533</u>	<u>\$ 2,007,209</u>	<u>\$ 1,204,459</u>	<u>\$ 1,333,461</u>	<u>\$ 3,512,992</u>	<u>\$ 3,340,670</u>
Expenses						
General Government	\$ 611,341	\$ 634,578	\$ 0	\$ 0	\$ 611,341	\$ 634,578
Public Safety	484,406	495,129	0	0	484,406	495,129
Economic & Community						
Development	4,131	11,615	0	0	4,131	11,615
Public Works	97,622	100,830	0	0	97,622	100,830
Streets, Highways, Drains	349,921	492,119	0	0	349,921	492,119
Sanitation	620	14,466	0	0	620	14,466
Culture & Recreation	78,452	100,784	0	0	78,452	100,784
Interest on Long-Term Debt	11,332	6,445	0	0	11,332	6,445
Depreciation - Unallocated	30,305	48,762	0	0	30,305	48,762
Water Utility	0	0	452,328	469,640	452,328	469,640
Sewer Utility	0	0	733,110	766,307	733,110	766,307
Total Expenses	<u>\$ 1,668,130</u>	<u>\$ 1,904,728</u>	<u>\$ 1,185,438</u>	<u>\$ 1,235,947</u>	<u>\$ 2,853,568</u>	<u>\$ 3,140,675</u>
Excess (deficiency)	\$ 640,403	\$ 102,481	\$ 19,021	\$ 97,514	\$ 659,424	\$ 199,995
Transfers	65,810	68,328	(65,810)	(68,328)	0	0
CHANGE IN NET POSITION	<u>\$ 706,213</u>	<u>\$ 170,809</u>	<u>\$ (46,789)</u>	<u>\$ 29,186</u>	<u>\$ 659,424</u>	<u>\$ 199,995</u>

Governmental Activities increased the City's net position by \$170,809. This represents a decrease from last year's change in net position.

Revenues from governmental activities totaled \$2,007,209. Property tax revenue represented the largest portion of those revenues (41.1%), operating grants and contributions was 27.9%, and state shared revenue was 14.0%.

The largest components of governmental activities' expenses were general government (33.3%), public safety (26.0%), and streets, highways, and drains (25.8%). 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 \$29,186. 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, 2023

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, 2023, the City's governmental funds reported combined ending fund balances of \$3,451,320. Of this total, approximately 56.5% 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 \$1,971,775, representing an increase of \$138,225. 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 \$108,021 in fund balance. The Local Street Fund experienced an increase of \$72,395 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 \$5,720,458 at June 30, 2023, an increase of \$29,186 from the previous fiscal year. The Motor Vehicle Pool's net position at the end of this fiscal year was \$904,113, an increase of \$28,261 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 \$996,044 (\$1,439,704 vs. \$2,435,748). The decrease between the appropriations originally budgeted and the final appropriations budget was \$905,890 (\$1,383,193 vs. \$2,289,083). There were minor increases in City Manager, Elections, Treasurer, Assessor, City Hall, Cemetery, Fringe Benefits, Planning & Zoning, Public Works, Landfill, Recreation, and Parks. Capital Outlay was \$66,132, which included the following: City Hall awning, security cameras, multi-function printer, and staff computer upgrades (\$18,791), DPW building sky light replacement (\$2,170), Police Department roof replacement (\$17,805), Fire Department extrication equipment and hose nozzles (\$20,559), and Wright Street Park concession stand repairs and new scoreboard (\$6,807).

Capital Asset and Debt Administration

Capital assets at year-end were as follows:

	Governmental Activities		Business-type Activities		Primary Government	
	2022	2023	2022	2023	2022	2023
Land	\$ 204,995	\$ 189,255	\$ 2,061	\$ 2,061	\$ 207,056	\$ 191,316
Construction in Progress	\$ 0	\$ 0	\$ 0	\$ 0	0	0
Land Improvements	194,962	194,962	0	0	194,962	194,962
Buildings and Improvements	1,413,210	1,428,406	0	0	1,413,210	1,428,406
Facilities and Mains	0	0	17,023,645	17,320,552	17,023,645	17,320,552
Furniture and Equipment	1,167,221	1,277,841	1,059,966	1,063,848	2,227,187	2,341,689
Vehicles	1,483,194	1,694,719	0	0	1,483,194	1,694,719
Infrastructure	7,146,512	7,146,512	0	0	7,146,512	7,146,512
Less: Acc. Depreciation	(5,758,947)	(6,099,582)	(9,875,094)	(10,287,841)	(15,634,041)	(16,387,423)
Total Capital Assets, Net Of Depreciation	\$ 5,851,147	\$ 5,832,113	\$ 8,210,578	\$ 8,098,620	\$ 14,061,725	\$ 13,930,733

City of Jonesville, Michigan
Management’s Discussion and Analysis (MD&A)
For the year ended June 30, 2023

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

	Governmental Activities		Business-type Activities		Primary Government	
	2022	2023	2022	2023	2022	2023
General Government	\$ 170,000	\$ 56,000	\$ 0	\$ 0	\$ 170,000	\$ 56,000
Revenue Bonds	0	0	2,513,528	2,474,528	2,513,528	2,474,528
General Obligation Bonds	0	0	2,595,000	2,475,000	2,595,000	2,475,000
Total Long-Term Debt	<u>\$ 170,000</u>	<u>\$ 56,000</u>	<u>\$ 5,108,528</u>	<u>\$ 4,949,528</u>	<u>\$ 5,278,528</u>	<u>\$ 5,005,528</u>

Factors Bearing on the City’s Future

One of the City’s greatest assets is the staff. Senior members of the City staff are increasingly approaching retirement age. Management and Council have developed strategies for the recruitment of talented and dedicated employees, assuring that the City can provide efficient and effective services to the citizens. In recent years, the City has completed wage studies for full-time, part-time and paid-on-call employees to assure that wages remain competitive, with wage adjustments completed, as necessary. The City invests in training and licensing for the promotion of staff to higher levels of responsibility. The job market remains tight with the number of retirements in skilled governmental positions exceeding the rate of entry for new hires. Collaboration between management and Council will be critical to assure that a positive work culture is maintained.

The City will continue its focus on timely Infrastructure investments. The Downtown Development Authority is working to coordinate streetscape updates in the Downtown with planned paving by the Michigan Department of Transportation. Pedestrian and bicycle safety improvements are being explored, along with changes to lane markings to improve the function of on-street parking for our Downtown businesses. The DDA will also time investments in Downtown off-street parking with the project.

The City Council and Downtown Development Authority 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.

The City continues to monitor inflation trends. Staff has noted 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 projects.

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, or Lenore Spahr, Finance Director/Treasurer, City of Jonesville, 265 East Chicago St, Jonesville, MI 49250.

CITY OF JONESVILLE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 93,876	\$ 66,719	\$ 160,595	\$ 1,737
Investments	3,672,273	2,425,863	6,098,136	3,234,733
Accounts Receivable	23,826	22,568	46,394	0
Internal Balances	7	0	7	0
Due from Other Governmental Units	105,410	0	105,410	0
Inventory	3,640	8,094	11,734	0
Prepaid Expense	20,765	15,635	36,400	142
Total Current Assets	\$ 3,919,797	\$ 2,538,879	\$ 6,458,676	\$ 3,236,612
Noncurrent Assets				
Capital Assets - Not Depreciated	\$ 189,255	\$ 2,061	\$ 191,316	\$ 97,544
Other Capital Assets - Net of Depreciation	5,642,858	8,111,260	13,754,118	0
Restricted Investments	0	92,790	92,790	0
Total Noncurrent Assets	\$ 5,832,113	\$ 8,206,111	\$ 14,038,224	\$ 97,544
Total Assets	\$ 9,751,910	\$ 10,744,990	\$ 20,496,900	\$ 3,334,156
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 200,048	\$ 61,320	\$ 261,368	\$ 881
Internal Balances	0	7	7	0
Accrued Payroll	9,855	2,669	12,524	141
Customer Deposits	0	200	200	0
Interest Payable	373	13,620	13,993	0
Unearned Revenue	232,772	0	232,772	0
Current Portion of Long-Term Debt	56,000	165,000	221,000	0
Total Current Liabilities	\$ 499,048	\$ 242,816	\$ 741,864	\$ 1,022
Noncurrent Liabilities				
Bonds Payable (net of discount)	\$ 0	\$ 4,777,544	\$ 4,777,544	\$ 0
Compensated Absences	61,927	4,169	66,096	0
Total Noncurrent Liabilities	\$ 61,927	\$ 4,781,713	\$ 4,843,640	\$ 0
Total Liabilities	\$ 560,975	\$ 5,024,529	\$ 5,585,504	\$ 1,022
NET POSITION				
Net Investment in Capital Assets	\$ 5,775,740	\$ 3,157,157	\$ 8,932,897	\$ 97,544
Restricted for:				
Streets	1,479,545	0	1,479,545	0
RD Bond Covenants	0	92,790	92,790	0
Unrestricted	1,935,650	2,470,511	4,406,161	3,235,590
Total Net Position	\$ 9,190,935	\$ 5,720,458	\$ 14,911,393	\$ 3,333,134

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

CITY OF JONESVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 634,578	\$ 77,697	\$ 158,001	\$ 0	\$ (398,880)
Public Safety	495,129	93,886	0	0	(401,243)
Economic and Community Development	11,615	750	0	0	(10,865)
Public Works	100,830	0	0	0	(100,830)
Streets, Highways, and Drains	492,119	0	384,016	0	(108,103)
Sanitation	14,466	0	0	0	(14,466)
Culture and Recreation	100,784	14,535	19,448	0	(66,801)
Interest on Long-Term Debt	6,445	0	0	0	(6,445)
Depreciation - Unallocated ¹	48,762	0	0	0	(48,762)
Total Governmental Activities	\$ 1,904,728	\$ 186,868	\$ 561,465	\$ 0	\$ (1,156,395)
Business-type Activities:					
Water	\$ 469,640	\$ 360,376	\$ 25,000	\$ 0	\$ (84,264)
Sewer	766,307	794,423	0	0	28,116
Total Business-type Activities	\$ 1,235,947	\$ 1,154,799	\$ 25,000	\$ 0	\$ (56,148)
Total Primary Government	\$ 3,140,675	\$ 1,341,667	\$ 586,465	\$ 0	\$ (1,212,543)
Component Units:					
Downtown Development Authority	\$ 158,929	\$ 0	\$ 0	\$ 0	\$ (158,929)
Local Development Finance Authority	93,628	0	0	0	(93,628)
Total Component Units	\$ 252,557	\$ 0	\$ 0	\$ 0	\$ (252,557)
Primary Government					
	Governmental	Business-type	Total	Component	
	Activities	Activities		Units	
Change in Net Position:					
Net (Expense) Revenue	\$ (1,156,395)	\$ (56,148)	\$ (1,212,543)	\$ (252,557)	
General Revenue:					
Property Taxes Levied for General Purposes	\$ 824,172	\$ 0	\$ 824,172	\$ 0	
Property Taxes Captured	0	0	0	572,775	
State Shared Revenue	281,564	0	281,564	0	
Investment Income	145,594	101,398	246,992	121,193	
Miscellaneous	32,104	52,264	84,368	23,883	
Gain (Loss) on Sale of Capital Assets	(24,558)	0	(24,558)	0	
Total General Revenue	\$ 1,258,876	\$ 153,662	\$ 1,412,538	\$ 717,851	
Excess (deficiency)	\$ 102,481	\$ 97,514	\$ 199,995	\$ 465,294	
Transfers	68,328	(68,328)	0	0	
Change in Net Position	\$ 170,809	\$ 29,186	\$ 199,995	\$ 465,294	
Net Position – Beginning	9,020,126	5,691,272	14,711,398	2,867,840	
Net Position – Ending	\$ 9,190,935	\$ 5,720,458	\$ 14,911,393	\$ 3,333,134	

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, 2023

	General	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 36,323	\$ 15,734	\$ 19,898	\$ 20,491	\$ 92,446
Investments	2,178,943	674,970	710,268	0	3,564,181
Taxes & Accounts Receivable	22,648	0	1,178	0	23,826
Due from Other Funds	20	0	3,362	0	3,382
Due from Other Governmental Units	47,262	44,319	13,829	0	105,410
Inventory	3,640	0	0	0	3,640
Prepaid Expenditures	19,760	0	0	0	19,760
Total Assets	<u>\$ 2,308,596</u>	<u>\$ 735,023</u>	<u>\$ 748,535</u>	<u>\$ 20,491</u>	<u>\$ 3,812,645</u>
LIABILITIES					
Accounts Payable	\$ 91,607	\$ 21,411	\$ 1,162	\$ 1,478	\$ 115,658
Due to Other Funds	3,362	3	0	0	3,365
Salaries Payable	9,080	226	224	0	9,530
Unearned Revenue	232,772	0	0	0	232,772
Total Liabilities	<u>\$ 336,821</u>	<u>\$ 21,640</u>	<u>\$ 1,386</u>	<u>\$ 1,478</u>	<u>\$ 361,325</u>
FUND BALANCES					
Nonspendable	\$ 23,400	\$ 0	\$ 0	\$ 0	\$ 23,400
Restricted	0	713,383	747,149	19,013	1,479,545
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	1,948,375	0	0	0	1,948,375
Total Fund Balances	<u>\$ 1,971,775</u>	<u>\$ 713,383</u>	<u>\$ 747,149</u>	<u>\$ 19,013</u>	<u>\$ 3,451,320</u>
Total Liabilities and Fund Balances	<u>\$ 2,308,596</u>	<u>\$ 735,023</u>	<u>\$ 748,535</u>	<u>\$ 20,491</u>	<u>\$ 3,812,645</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, 2023

Fund Balances - total governmental funds	\$ 3,451,320
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	11,931,695
Deduct: Accumulated depreciation	(6,099,582)
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	110,517
Deduct: Internal Service Fund current liabilities	(84,715)
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	(56,000)
Deduct: Accrued interest on bonds and notes payable	(373)
Deduct: Compensated absences	(61,927)
Net position of governmental activities	\$ 9,190,935

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, 2023

	General	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
REVENUE					
Property Taxes	\$ 856,436	\$ 0	\$ 0	\$ 0	\$ 856,436
Licenses and Permits	1,298	0	0	0	1,298
State Shared Revenue	281,564	270,103	84,219	0	635,886
Charges and Fees	105,170	0	0	0	105,170
State Highway Contract	0	0	0	28,787	28,787
Recreation	33,983	0	0	0	33,983
Rents and Royalties	24,260	0	0	0	24,260
Cemetery Revenue	33,600	0	0	0	33,600
Contributions	3,495	0	0	0	3,495
Interest	91,215	23,894	30,483	2	145,594
Contributions from Component Units	96,159	0	0	58,346	154,505
Miscellaneous	7,801	44	909	0	8,754
Total Revenue	<u>\$ 1,534,981</u>	<u>\$ 294,041</u>	<u>\$ 115,611</u>	<u>\$ 87,135</u>	<u>\$ 2,031,768</u>
EXPENDITURES					
General Government	\$ 615,799	\$ 0	\$ 0	\$ 0	\$ 615,799
Public Safety	408,187	0	0	0	408,187
Economic & Community Development	11,615	0	0	0	11,615
Public Works	52,230	0	0	0	52,230
Streets, Highways, and Drains	32,042	172,792	139,371	23,212	367,417
Sanitation	14,466	0	0	0	14,466
Culture and Recreation	78,015	0	0	0	78,015
Capital Outlay	66,131	0	0	0	66,131
Debt Service					
Principal	0	0	0	114,000	114,000
Interest	0	0	0	7,286	7,286
Total Expenditures	<u>\$ 1,278,485</u>	<u>\$ 172,792</u>	<u>\$ 139,371</u>	<u>\$ 144,498</u>	<u>\$ 1,735,146</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 256,496</u>	<u>\$ 121,249</u>	<u>\$ (23,760)</u>	<u>\$ (57,363)</u>	<u>\$ 296,622</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, 2023
(continued)

	General	Major Streets	Local Streets	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	\$ 161,177	\$ 0	\$ 233,663	\$ 62,940	\$ 457,780
Operating Transfers Out	(279,448)	(13,228)	(137,508)	(2,792)	(432,976)
Total Other Financing Sources (Uses)	\$ (118,271)	\$ (13,228)	\$ 96,155	\$ 60,148	\$ 24,804
NET CHANGE IN FUND BALANCES	\$ 138,225	\$ 108,021	\$ 72,395	\$ 2,785	\$ 321,426
FUND BALANCES – Beginning	1,833,550	605,362	674,754	16,228	3,129,894
FUND BALANCES – Ending	\$ 1,971,775	\$ 713,383	\$ 747,149	\$ 19,013	\$ 3,451,320

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, 2023

Net changes in fund balances - total governmental funds	\$ 321,426
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	66,132
Deduct: Depreciation expense	(432,836)
In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold.	
	(24,558)
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.	
	125,934
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	114,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add: Decrease in interest payable on long-term liabilities	841
Deduct: Increase in accrual for compensated absences	(130)
Change in net position of governmental activities	\$ 170,809

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

CITY OF JONESVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
ASSETS				
Current Assets				
Cash	\$ 44,246	\$ 22,473	\$ 66,719	\$ 1,420
Investments	850,690	1,575,173	2,425,863	108,092
Accounts Receivable	6,116	16,452	22,568	0
Due from Other Funds	0	0	0	0
Inventory	5,718	2,376	8,094	0
Prepaid Expense	7,763	7,872	15,635	1,005
Total Current Assets	<u>\$ 914,533</u>	<u>\$ 1,624,346</u>	<u>\$ 2,538,879</u>	<u>\$ 110,517</u>
Noncurrent Assets				
Capital Assets - Not Depreciated	\$ 2,061	\$ 0	\$ 2,061	\$ 0
Other Capital Assets, Net of Accumulated Depreciation	3,289,119	4,822,141	8,111,260	878,311
Restricted Investments - RD Bond Reserve	50,425	0	50,425	0
Restricted Investments - RD Repair, Replacement & Improvement	42,365	0	42,365	0
Total Noncurrent Assets	<u>\$ 3,383,970</u>	<u>\$ 4,822,141</u>	<u>\$ 8,206,111</u>	<u>\$ 878,311</u>
Total Assets	<u>\$ 4,298,503</u>	<u>\$ 6,446,487</u>	<u>\$ 10,744,990</u>	<u>\$ 988,828</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 14,849	\$ 46,471	\$ 61,320	\$ 84,390
Accrued Payroll	1,108	1,564	2,672	325
Due to Other Funds	7	0	7	0
Customer Deposits	100	100	200	0
Total Current Liabilities	<u>\$ 16,064</u>	<u>\$ 48,135</u>	<u>\$ 64,199</u>	<u>\$ 84,715</u>
Liabilities Payable from Restricted Assets				
Accrued Interest Payable	\$ 13,620	\$ 0	\$ 13,620	\$ 0
Bonds Payable - Current	40,000	125,000	165,000	0
Total Liabilities Payable from Restricted Assets	<u>\$ 53,620</u>	<u>\$ 125,000</u>	<u>\$ 178,620</u>	<u>\$ 0</u>
Noncurrent Liabilities				
Bonds Payable	\$ 2,434,528	\$ 2,350,000	\$ 4,784,528	\$ 0
Bond Discount	0	(6,984)	(6,984)	0
Compensated Absences	871	3,298	4,169	0
Total Noncurrent Liabilities	<u>\$ 2,435,399</u>	<u>\$ 2,346,314</u>	<u>\$ 4,781,713</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 2,505,083</u>	<u>\$ 2,519,449</u>	<u>\$ 5,024,532</u>	<u>\$ 84,715</u>
NET POSITION				
Net Investment in Capital Assets	\$ 803,032	\$ 2,354,125	\$ 3,157,157	\$ 878,311
Restricted by RD Bond Covenants:				
Bond Reserve	50,425	0	50,425	0
Repair, Replacement, & Improvement	42,365	0	42,365	0
Unrestricted	<u>897,598</u>	<u>1,572,913</u>	<u>2,470,511</u>	<u>25,802</u>
Total Net Position	<u>\$ 1,793,420</u>	<u>\$ 3,927,038</u>	<u>\$ 5,720,458</u>	<u>\$ 904,113</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, 2023

	Enterprise Funds		Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
OPERATING REVENUE				
Sales	\$ 355,926	\$ 791,379	\$ 1,147,305	\$ 0
Equipment Rental	4,450	3,044	7,494	111,632
Sale of Capital Assets	0	0	0	29,800
Other	40,618	11,646	52,264	0
Total Operating Revenue	\$ 400,994	\$ 806,069	\$ 1,207,063	\$ 141,432
OPERATING EXPENSES				
Sewage Disposal	\$ 0	\$ 410,923	\$ 410,923	\$ 0
Water Plant Operation	165,544	0	165,544	0
Water Distribution Expenses	61,613	0	61,613	0
Depreciation	164,138	248,609	412,747	97,673
Motor Vehicle Expense	0	0	0	82,388
Total Operating Expenses	\$ 391,295	\$ 659,532	\$ 1,050,827	\$ 180,061
OPERATING INCOME (LOSS)	\$ 9,699	\$ 146,537	\$ 156,236	\$ (38,629)
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	\$ 35,681	\$ 65,717	\$ 101,398	\$ 9,151
Interest Expense	(78,345)	(106,775)	(185,120)	0
Total Non-operating Revenue (Expense)	\$ (42,664)	\$ (41,058)	\$ (83,722)	\$ 9,151
Income (Loss) Before Contributions and Transfers	\$ (32,965)	\$ 105,479	\$ 72,514	\$ (29,478)
CONTRIBUTIONS AND TRANSFERS				
Contributions from Other Governments	\$ 0	\$ 0	\$ 0	\$ 14,215
Contributions from Component Units	25,000	0	25,000	0
Transfers From Other Funds	0	0	0	53,785
Transfers To Other Funds	(32,164)	(36,164)	(68,328)	(10,261)
Total Contributions and Transfers	\$ (7,164)	\$ (36,164)	\$ (43,328)	\$ 57,739
CHANGE IN NET POSITION	\$ (40,129)	\$ 69,315	\$ 29,186	\$ 28,261
NET POSITION – Beginning	1,833,549	3,857,723	5,691,272	875,852
NET POSITION – Ending	\$ 1,793,420	\$ 3,927,038	\$ 5,720,458	\$ 904,113

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, 2023

	Water	Sewer	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 360,524	\$ 801,628	\$ 1,162,152	\$ 0
Cash received from interfund services provided	0	0	0	111,632
Cash payments to suppliers for goods and services	(141,095)	(229,250)	(370,345)	(70,683)
Cash payments to employees and professional contractors for services	(86,495)	(166,598)	(253,093)	(27,802)
Other operating receipts	40,618	11,646	52,264	29,800
Net cash provided (used) by operating activities	<u>\$ 173,552</u>	<u>\$ 417,426</u>	<u>\$ 590,978</u>	<u>\$ 42,947</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Contributions from other governments	\$ 0	\$ 0	\$ 0	\$ 14,215
Contributions from component units	25,000	0	25,000	0
Transfers from other funds	0	0	0	53,785
Transfers to other funds	(32,164)	(36,164)	(68,328)	(10,261)
Net cash provided (used) by non-capital financing activities	<u>\$ (7,164)</u>	<u>\$ (36,164)</u>	<u>\$ (43,328)</u>	<u>\$ 57,739</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	\$ (14,566)	\$ (300,923)	\$ (315,489)	\$ (288,403)
Principal paid on bonds and loans	(39,000)	(120,000)	(159,000)	0
Interest paid on bonds and loans	(78,548)	(106,275)	(184,823)	0
Net cash provided (used) by capital and related financing activities	<u>\$ (132,114)</u>	<u>\$ (527,198)</u>	<u>\$ (659,312)</u>	<u>\$ (288,403)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	\$ 35,681	\$ 65,717	\$ 101,398	\$ 9,151
Net cash provided (used) by investment activities	<u>\$ 35,681</u>	<u>\$ 65,717</u>	<u>\$ 101,398</u>	<u>\$ 9,151</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 69,955</u>	<u>\$ (80,219)</u>	<u>\$ (10,264)</u>	<u>\$ (178,566)</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>917,771</u>	<u>1,677,865</u>	<u>2,595,636</u>	<u>288,078</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 987,726</u></u>	<u><u>\$ 1,597,646</u></u>	<u><u>\$ 2,585,372</u></u>	<u><u>\$ 109,512</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 9,699	\$ 146,537	\$ 156,236	\$ (38,629)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	164,138	248,609	412,747	97,673
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	148	6,902	7,050	0
(Increase) decrease in due from other funds	0	303	303	0
(Increase) decrease in inventories	(4,323)	1,906	(2,417)	0
(Increase) decrease in prepaid expense	(7,311)	354	(6,957)	(31)
Increase (decrease) in accounts payable	10,789	29,184	39,973	(1,426)
Increase (decrease) in wages and benefits payable	131	(14)	117	160
Increase (decrease) in due to other funds	(515)	(21)	(536)	(14,800)
Increase (decrease) in customer deposits	0	0	0	0
Increase (decrease) in compensated absences	796	(16,334)	(15,538)	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 173,552</u></u>	<u><u>\$ 417,426</u></u>	<u><u>\$ 590,978</u></u>	<u><u>\$ 42,947</u></u>

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

CITY OF JONESVILLE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

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

CITY OF JONESVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund Current Tax Collection
ADDITIONS	
Collection of taxes for City of Jonesville and other governments	\$ 3,199,226
DEDUCTIONS	
Payment of taxes collected to City of Jonesville and other governments	3,199,226
Net change in fiduciary net position	\$ 0
NET POSITION - Beginning	0
NET POSITION - Ending	\$ 0

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

CITY OF JONESVILLE
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2023

	DDA	LDFA	Total Component Units
ASSETS			
Current Assets			
Cash	\$ 528	\$ 1,209	\$ 1,737
Investments	84,383	3,150,350	3,234,733
Prepaid Expense	142	0	142
Total Current Assets	<u>\$ 85,053</u>	<u>\$ 3,151,559</u>	<u>\$ 3,236,612</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>\$ 85,053</u>	<u>\$ 3,249,103</u>	<u>\$ 3,334,156</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 362	\$ 507	\$ 869
Due to Primary Government	12	0	12
Accrued Payroll	141	0	141
Total Liabilities	<u>\$ 515</u>	<u>\$ 507</u>	<u>\$ 1,022</u>
NET POSITION			
Net Investment in Capital Assets	\$ 0	\$ 97,544	\$ 97,544
Unrestricted	84,538	3,151,052	3,235,590
Total Net Position	<u>\$ 84,538</u>	<u>\$ 3,248,596</u>	<u>\$ 3,333,134</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, 2023

	DDA	LDFA	Total Component Units
EXPENSES			
Downtown Development	\$ 43,016	\$ 0	\$ 43,016
Industrial Development	0	30,036	30,036
Contributions to City activities	115,913	63,592	179,505
Total Expenses	<u>\$ 158,929</u>	<u>\$ 93,628</u>	<u>\$ 252,557</u>
PROGRAM REVENUE			
Charges for Services	\$ 0	\$ 0	\$ 0
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	0	0	0
Total Program Revenue	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET (EXPENSE) REVENUE	<u>\$ (158,929)</u>	<u>\$ (93,628)</u>	<u>\$ (252,557)</u>
GENERAL REVENUE			
Property Taxes Captured	\$ 172,507	\$ 400,268	\$ 572,775
Rent Income	0	23,883	23,883
Investment Income	2,841	118,352	121,193
Other Income	0	0	0
Total General Revenue	<u>\$ 175,348</u>	<u>\$ 542,503</u>	<u>\$ 717,851</u>
CHANGE IN NET POSITION	\$ 16,419	\$ 448,875	\$ 465,294
NET POSITION – Beginning	<u>68,119</u>	<u>2,799,721</u>	<u>2,867,840</u>
NET POSITION - Ending	<u>\$ 84,538</u>	<u>\$ 3,248,596</u>	<u>\$ 3,333,134</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
JUNE 30, 2023

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
JUNE 30, 2023

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.

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).

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
JUNE 30, 2023

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:

- **Nonspendable:** 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
 JUNE 30, 2023

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, 2023:

	Primary Government	Component Units
Cash on hand	\$ 450	\$ 0
Checking and savings accounts	160,145	1,737
	\$ 160,595	\$ 1,737

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investments

Following are the components of the City’s investments at June 30, 2023:

	Primary Government	Component Units
MBIA CLASS Investment Pool	\$ 6,190,926	\$ 3,234,733

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, 2023, the City’s investment in the MBIA CLASS Investment Pool was rated AAAM by Standard & Poors.

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, 2023, the carrying amount of the City’s deposits was \$160,145 and the bank balance was \$202,748. The entire bank balance was covered by federal depository insurance. 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, 2023, 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	\$ 47,262	\$ 44,319	\$ 13,829	\$ 0	\$ 105,410
Property Taxes	15,269	0	0	0	15,269
Utility customers	0	0	0	18,626	18,626
Other Receivables	7,379	0	1,178	3,942	12,499
Total	\$ 69,910	\$ 44,319	\$ 15,007	\$ 22,568	\$ 151,804

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
PRIMARY GOVERNMENT				
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 204,995	\$ 0	\$ (15,740)	\$ 189,255
Capital assets being depreciated				
Land Improvements	\$ 194,962	\$ 0	\$ 0	\$ 194,962
Buildings & Improvements	1,413,210	34,510	(19,314)	1,428,406
Furniture & Equipment	1,167,221	163,119	(52,499)	1,277,841
Vehicles	1,483,194	240,730	(29,205)	1,694,719
Infrastructure	7,146,512	0	0	7,146,512
Less accumulated depreciation	(5,758,947)	(432,836)	92,201	(6,099,582)
Total capital assets being depreciated, net	<u>\$ 5,646,152</u>	<u>\$ 5,523</u>	<u>\$ (8,817)</u>	<u>\$ 5,642,858</u>
Total capital assets, net	<u>\$ 5,851,147</u>	<u>\$ 5,523</u>	<u>\$ (24,557)</u>	<u>\$ 5,832,113</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	\$ 2,061	\$ 0	\$ 0	\$ 2,061
Capital assets being depreciated				
Facilities & Mains	\$ 17,023,645	\$ 296,907	\$ 0	\$ 17,320,552
Machinery & Equipment	1,059,966	4,016	(134)	1,063,848
Less accumulated depreciation	(9,875,094)	(412,747)	0	(10,287,841)
Total capital assets being depreciated, net	<u>\$ 8,208,517</u>	<u>\$ (111,824)</u>	<u>\$ (134)</u>	<u>\$ 8,096,559</u>
Total capital assets, net	<u>\$ 8,210,578</u>	<u>\$ (111,824)</u>	<u>\$ (134)</u>	<u>\$ 8,098,620</u>
PRIMARY GOVERNMENT	<u>\$ 14,061,725</u>	<u>\$ (106,301)</u>	<u>\$ (24,691)</u>	<u>\$ 13,930,733</u>
COMPONENT UNITS				
Capital assets not being depreciated				
Land	<u>\$ 97,544</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,544</u>

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

Governmental Activities:		Business-Type Activities:	
General Government	\$ 18,651	Water	\$ 164,138
Public Safety	86,942	Sewer	248,609
Public Improvements	48,600	Total	<u>\$ 412,747</u>
Streets, Highways and Drains	207,113		
Culture and Recreation	22,769		
Unallocated	48,761		
Total	<u>\$ 432,836</u>		

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2023, is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 3	Major Street	\$ 3
General Fund	7	Water	7
General Fund	10	Current Tax	10
Local Streets	3,362	General Fund	3,362
	<u>\$ 3,382</u>		<u>\$ 3,382</u>

Interfund transfers during the year consisted of the following:

	Transfer From							Total
	General Fund	Major Streets	Local Streets	State Highway	Water	Sewer	Motor Vehicle Pool	
Transfer to:								
General Fund	\$ 0	\$ 13,228	\$ 74,568	\$ 2,792	\$ 30,164	\$ 30,164	\$ 10,261	\$ 161,177
Local Streets	233,663	0	0	0	0	0	0	233,663
Debt Service	0	0	62,940	0	0	0	0	62,940
Motor Vehicle Pool	45,785	0	0	0	2,000	6,000	0	53,785
Total	<u>\$ 279,448</u>	<u>\$ 13,228</u>	<u>\$ 137,508</u>	<u>\$ 2,792</u>	<u>\$ 32,164</u>	<u>\$ 36,164</u>	<u>\$ 10,261</u>	<u>\$ 511,565</u>

Transfers are used to (1) account for overhead services provided by the General Fund to other funds, (2) move resources for the payment of long-term debt, and (3) 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.

North Parking Lot Bonds - During the year 2011-12, the City issued bonds in the amount of \$550,000 for improvements to the parking lot on the north side of the downtown district. The bond payments are to be made from the tax increment revenues of the DDA; however, they are also backed by the full faith and credit of the City.

East Street Bonds – During the year 2007-08, the City issued bonds in the amount of \$700,000 for the reconstruction of East Street between Liberty Street and Adrian Street. These bonds were paid off during the year.

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
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance 6/30/2022	Increases	Decreases	Balance 6/30/2023
Primary Government				
<i>Governmental Activities</i>				
North Parking Lot Bonds	\$ 110,000	\$ 0	\$ (54,000)	\$ 56,000
East Street Bonds	60,000	0	(60,000)	0
Compensated Absences	61,797	130	0	61,927
Total Governmental Activities	<u>\$ 231,797</u>	<u>\$ 130</u>	<u>\$ (114,000)</u>	<u>\$ 117,927</u>
<i>Business-type Activities</i>				
Refunding Bonds – Sewer Fund	\$ 2,595,000	\$ 0	\$ (120,000)	\$ 2,475,000
Revenue Bonds - Water Fund	2,513,528	0	(39,000)	2,474,528
Compensated Absences	19,707	0	(15,538)	4,169
Total Business-type Activities	<u>\$ 5,128,235</u>	<u>\$ 0</u>	<u>\$ (174,538)</u>	<u>\$ 4,953,697</u>
Total Primary Government Long-Term Debt	<u><u>\$ 5,360,032</u></u>	<u><u>\$ 130</u></u>	<u><u>\$ (288,538)</u></u>	<u><u>\$ 5,071,624</u></u>

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

	Interest Rate(s)	Maturity Date	Current Portion
North Parking Lot Bonds	2.9% - 4.0%	5/1/2024	\$ 56,000
Refunding Bonds – Sewer Fund	2.00% - 4.15%	1/1/2038	125,000
Revenue Bonds – Water Fund	3.125%	5/1/2059	40,000
			<u>\$ 221,000</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
2024	\$ 56,000	\$ 2,240	\$ 165,000	\$ 184,570
2025	0	0	167,000	178,320
2026	0	0	173,000	172,008
2027	0	0	184,000	165,464
2028	0	0	191,000	158,489
2029-2033	0	0	1,061,000	678,582
2034-2038	0	0	1,292,000	452,398
2039-2043	0	0	340,000	269,531
2044-2048	0	0	397,000	212,938
2049-2053	0	0	463,000	146,906
2054-2058	0	0	516,528	69,844
Total	<u>\$ 56,000</u>	<u>\$ 2,240</u>	<u>\$ 4,949,528</u>	<u>\$ 2,689,050</u>

CITY OF JONESVILLE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

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:

<u>LDFA:</u>		<u>DDA:</u>	
<u>General Fund</u>		<u>General Fund</u>	
Salaries and wages	\$ 31,808	Salaries and wages	\$ 30,071
Street light electricity	5,304	Parking Lot Maintenance	9,700
Other	1,480	Capital Outlay	13,356
		Other	4,440
 <u>Water Fund</u>		 <u>Debt Service Fund</u>	
Debt service	25,000	Bond payments	58,346
TOTAL	<u><u>\$ 63,592</u></u>	TOTAL	<u><u>\$ 115,913</u></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 2022 was 16.388 mills. From this total, 4.6823 was transferred to the Local Streets Fund by vote of the City Council. The 2022 total state taxable value was approximately \$61,090,000 (\$58,594,000 ad valorem and \$2,496,000 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
 JUNE 30, 2023

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN (continued)

The activity in the plan for 2022-23 is as follows:

Asset Value - June 30, 2022	\$ 2,272,555
Employer Contributions	42,279
Employee Contributions	43,660
Investment Gain (Loss)	264,400
Distributions	<u>(11,442)</u>
Asset Value - June 30, 2023	<u><u>\$ 2,611,452</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:

		General Fund	Major Streets	Local Streets	State Highway
Nonspendable:	Inventory	\$ 3,640	\$ 0	\$ 0	\$ 0
	Prepaid Expenditures	19,760	0	0	0
Restricted:	Streets	0	713,383	747,149	19,013

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 \$20,449.

NOTE 17 – COMMITMENTS

During the year, the City Council approved a project to mill and resurface Maumee Street south of US-12, along with replacement of deteriorated sidewalks and installation of ADA-compliant ramps (as needed). The projected was substantially completed in August, 2023 at a total cost of approximately \$714,000 (\$415,602 in Federal grants and a City contribution of approximately \$298,398).

CITY OF JONESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 6, 2023, the date on which the financial statements were available to be issued.

NOTE 19 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued 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 by 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. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 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, 2023

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
Property Taxes	\$ 876,642	\$ 876,642	\$ 856,436	\$ (20,206)
Licenses and Permits	1,570	1,570	1,298	(272)
State Shared Revenue	254,436	282,563	281,564	(999)
Grants	115,921	0	0	0
Charges and Fees	87,250	87,250	105,170	17,920
Recreation	22,500	26,500	33,983	7,483
Rents and Royalties	25,000	25,000	24,260	(740)
Cemetery Revenue	22,000	26,000	33,600	7,600
Contributions	2,500	2,500	3,495	995
Interest	500	500	91,215	90,715
Contributions from Component Units	742,429	111,179	96,159	(15,020)
Miscellaneous	285,000	0	7,801	7,801
Total Revenue	<u>\$ 2,435,748</u>	<u>\$ 1,439,704</u>	<u>\$ 1,534,981</u>	<u>\$ 95,277</u>
EXPENDITURES				
General Government				
City Council	\$ 24,600	\$ 29,100	\$ 28,638	\$ (462)
City Manager	122,580	128,330	128,122	(208)
Elections	5,956	9,456	8,151	(1,305)
General Office	246,645	246,645	239,980	(6,665)
Board of Review	875	875	779	(96)
Treasurer	3,300	3,800	3,007	(793)
Assessor	22,100	22,900	22,863	(37)
Data Processing	15,625	15,625	14,039	(1,586)
City Hall	18,027	26,427	26,046	(381)
Cemetery	71,573	85,873	85,861	(12)
Freedom Memorial	900	900	719	(181)
Fringe Benefits	42,820	44,170	44,153	(17)
Insurance	15,000	15,000	13,347	(1,653)
Promotion	0	100	93	(7)

CITY OF JONESVILLE
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(continued)

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Public Safety				
Police	331,822	331,822	267,379	(64,443)
Fire	145,340	142,840	140,808	(2,032)
Economic & Community Development				
Planning & Zoning	11,596	11,796	11,615	(181)
Public Works				
Parking Lots	14,490	14,490	9,678	(4,812)
Sidewalks	1,430	20,180	18,750	(1,430)
Other	18,520	24,720	23,802	(918)
Streets, Highways, and Drains				
Street Lighting	33,000	33,000	32,042	(958)
Sanitation				
Landfill	7,315	14,715	14,466	(249)
Culture and Recreation				
Recreation	43,612	44,712	44,437	(275)
Parks	14,375	25,975	25,916	(59)
Rail/Trail	13,445	13,445	7,662	(5,783)
Capital Outlay	1,064,137	76,297	66,132	(10,165)
Total Expenditures	<u>\$ 2,289,083</u>	<u>\$ 1,383,193</u>	<u>\$ 1,278,485</u>	<u>\$ (104,708)</u>
REVENUE OVER (UNDER)				
EXPENDITURES	<u>\$ 146,665</u>	<u>\$ 56,511</u>	<u>\$ 256,496</u>	<u>\$ 199,985</u>
OTHER FINANCING				
SOURCES (USES)				
Operating Transfers In	\$ 158,215	\$ 158,215	\$ 161,177	\$ 2,962
Operating Transfers Out	<u>(388,000)</u>	<u>(296,000)</u>	<u>(279,448)</u>	<u>16,552</u>
Total Other				
Financing Sources (Uses)	<u>\$ (229,785)</u>	<u>\$ (137,785)</u>	<u>\$ (118,271)</u>	<u>\$ 19,514</u>
NET CHANGE IN FUND BALANCES	\$ (83,120)	\$ (81,274)	\$ 138,225	\$ 219,499
FUND BALANCES - Beginning	<u>1,833,550</u>	<u>1,833,550</u>	<u>1,833,550</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 1,750,430</u></u>	<u><u>\$ 1,752,276</u></u>	<u><u>\$ 1,971,775</u></u>	<u><u>\$ 219,499</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, 2023

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
State Shared Revenue	\$ 267,006	\$ 267,006	\$ 270,103	\$ 3,097
Interest	500	500	23,894	23,394
Grants	415,602	0	0	0
Miscellaneous	0	0	44	44
Total Revenue	<u>\$ 683,108</u>	<u>\$ 267,506</u>	<u>\$ 294,041</u>	<u>\$ 26,535</u>
EXPENDITURES				
Street Construction	\$ 590,000	\$ 55,100	\$ 55,069	\$ (31)
Routine Maintenance	75,990	104,990	104,801	(189)
Traffic Control	4,400	4,400	2,282	(2,118)
Winter Maintenance	22,915	12,915	10,640	(2,275)
Total Expenditures	<u>\$ 693,305</u>	<u>\$ 177,405</u>	<u>\$ 172,792</u>	<u>\$ (4,613)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (10,197)</u>	<u>\$ 90,101</u>	<u>\$ 121,249</u>	<u>\$ 31,148</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 82,120	\$ 5,000	\$ 0	\$ (5,000)
Transfers Out	(13,228)	(13,228)	(13,228)	0
Total Other Financing Sources (Uses)	<u>\$ 68,892</u>	<u>\$ (8,228)</u>	<u>\$ (13,228)</u>	<u>\$ (5,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 58,695</u>	<u>\$ 81,873</u>	<u>\$ 108,021</u>	<u>\$ 26,148</u>
FUND BALANCES - Beginning	<u>605,362</u>	<u>605,362</u>	<u>605,362</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 664,057</u></u>	<u><u>\$ 687,235</u></u>	<u><u>\$ 713,383</u></u>	<u><u>\$ 26,148</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, 2023

	Budget Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
State Shared Revenue	\$ 83,562	\$ 83,562	\$ 84,219	\$ 657
Grants	0	0	0	0
Interest	800	800	30,483	29,683
Miscellaneous	0	0	909	909
Total Revenue	<u>\$ 84,362</u>	<u>\$ 84,362</u>	<u>\$ 115,611</u>	<u>\$ 31,249</u>
EXPENDITURES				
Street Construction	\$ 841,285	\$ 0	\$ 0	\$ 0
Routine Maintenance	123,970	131,970	126,112	(5,858)
Traffic Control	2,234	2,234	2,103	
Winter Maintenance	18,480	18,480	11,137	(7,343)
Administration	0	20	19	(1)
Total Expenditures	<u>\$ 985,969</u>	<u>\$ 152,704</u>	<u>\$ 139,371</u>	<u>\$ (13,202)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (901,607)</u>	<u>\$ (68,342)</u>	<u>\$ (23,760)</u>	<u>\$ 44,582</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	\$ 500,000	\$ 0	\$ 0	\$ 0
Transfers In	245,000	245,000	233,663	(11,337)
Transfers Out	(137,508)	(137,508)	(137,508)	0
Total Other Financing Sources (Uses)	<u>\$ 607,492</u>	<u>\$ 107,492</u>	<u>\$ 96,155</u>	<u>\$ (11,337)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (294,115)</u>	<u>\$ 39,150</u>	<u>\$ 72,395</u>	<u>\$ 33,245</u>
FUND BALANCES - Beginning	<u>674,754</u>	<u>674,754</u>	<u>674,754</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 380,639</u></u>	<u><u>\$ 713,904</u></u>	<u><u>\$ 747,149</u></u>	<u><u>\$ 33,245</u></u>

CITY OF JONESVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Debt Service Fund	State Highway Fund	Total
ASSETS			
Cash	\$ 0	\$ 20,491	\$ 20,491
Due from Other Governmental Units	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 20,491</u>	<u>\$ 20,491</u>
LIABILITIES			
Due to Other Funds	\$ 0	\$ 0	\$ 0
Accounts Payable	0	1,478	1,478
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,478</u>	<u>\$ 1,478</u>
FUND BALANCE			
Nonspendable	\$ 0	\$ 0	\$ 0
Restricted	0	19,013	19,013
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 19,013</u>	<u>\$ 19,013</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 20,491</u>	<u>\$ 20,491</u>

CITY OF JONESVILLE
 COMBINING STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Debt Service Fund	State Highway Fund	Total
REVENUE			
State Highway Contract	\$ 0	\$ 28,787	\$ 28,787
Contribution from Component Units	58,346	0	58,346
Interest Income	0	2	2
Total Revenue	<u>\$ 58,346</u>	<u>\$ 28,789</u>	<u>\$ 87,135</u>
EXPENDITURES			
Streets, Highways, Drains			
Routine Maintenance	\$ 0	\$ 15,535	\$ 15,535
Traffic Control	0	0	0
Winter Maintenance	0	7,677	7,677
Debt Service			
Principal	114,000	0	114,000
Interest	7,286	0	7,286
Total Expenditures	<u>\$ 121,286</u>	<u>\$ 23,212</u>	<u>\$ 144,498</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (62,940)</u>	<u>\$ 5,577</u>	<u>\$ (57,363)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	\$ 62,940	\$ 0	\$ 62,940
Operating Transfers Out	0	(2,792)	(2,792)
Total Other Financing Sources (Uses)	<u>\$ 62,940</u>	<u>\$ (2,792)</u>	<u>\$ 60,148</u>
NET CHANGES IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 2,785</u>	<u>\$ 2,785</u>
FUND BALANCES - Beginning	0	16,228	16,228
FUND BALANCES - Ending	<u><u>\$ 0</u></u>	<u><u>\$ 19,013</u></u>	<u><u>\$ 19,013</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, 2023, 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, 2023.

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, 2023