



AGENDA

CITY OF ST. JOHNS, MICHIGAN
REQUEST FOR COMMISSION ACTION
January 22, 2022

Department: Administration	Attachments:
Subject: <i>Fiscal Year 2022-23 Audit</i>	<input checked="" type="checkbox"/> <i>2022-23 Annual Comprehensive Financial Report</i> <input type="checkbox"/> <input type="checkbox"/>
Prepared by: Kristina Kinde, Deputy City Manager Treasurer	Approved by: Chad A. Gamble, P.E., City Manager

SUMMARY/HIGHLIGHT: The 2022-23 Annual Comprehensive Financial Report (ACFR) fieldwork was performed during the week of October 31, 2023. Our final audit opinion from Maner Costerisan was issued on December 26, 2023. This report has been uploaded to the State of Michigan, along with our application for the ACFR Award with the Government Finance Officers Association (GFOA).

The City's auditors will be at the meeting to present their highlights from the report. We received an unqualified opinion from our auditors which is the best opinion a municipality can obtain.

BACKGROUND/DISCUSSION: This report is produced annually and presented to the City Commission for questions and recognition of receipt.

STRATEGIC PLAN OBJECTIVE: N/A

FISCAL IMPACT: This report has no additional fiscal impact outside of the contract we are currently in for the audit.

RECOMMENDATION: Staff recommends the City Commission receive the 2022-23 Annual Comprehensive Financial Report.

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

CITY OF ST. JOHNS, MICHIGAN

**PREPARED BY
KRISTINA KINDE, CITY TREASURER**

FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2-6
List of Elected and Appointed Officials	7
Organizational Chart.....	8
GFOA Certificate of Achievement	9
FINANCIAL SECTION	10
INDEPENDENT AUDITOR'S REPORT	11-13
MANAGEMENT'S DISCUSSION AND ANALYSIS	14-24
BASIC FINANCIAL STATEMENTS	25
Government-wide Financial Statements	
Statement of Net Position.....	26
Statement of Activities.....	27
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	28
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds	
Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Net Position	33
Statement of Cash Flows.....	34-35
Fiduciary Funds	
Statement of Fiduciary Net Position.....	36
Statement of Changes in Fiduciary Net Position	37
Component Unit Financial Statements	
Combining Statement of Net Position.....	38
Combining Statement of Changes in Net Position	39
Notes to Financial Statements.....	40-69

TABLE OF CONTENTS

Page

FINANCIAL SECTION (continued)

REQUIRED SUPPLEMENTARY INFORMATION 70

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

 General Fund.....71-72

 Major Street Fund 73

 Street Millage II Capital Projects Fund 74

Municipal Employees’ Retirement System of Michigan

 Schedule of Changes in the Net Pension Liability and Related Ratios 75

 Schedule of Pension Contributions..... 76

Notes to Required Supplementary Information 77

OTHER SUPPLEMENTARY INFORMATION..... 78

Nonmajor Governmental Funds

 Fund Descriptions..... 79

 Combining Balance Sheet..... 80

 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... 81

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

 Local Street Fund..... 82

 Garbage Fund..... 83

 Drug Law Enforcement Fund 84

 2007 Building Authority Capital Improvement Bonds Debt Service Fund 85

 Fantasy Forest Capital Projects Fund 86

 Revolving Special Assessment Capital Projects Fund 87

Component Unit Funds

 Balance Sheets..... 88

 Statements of Revenues, Expenditures, and Changes in Fund Balances 89

TABLE OF CONTENTS

Page

STATISTICAL SECTION (UNAUDITED)..... 90

Statistical Section Index 91
 Net Position by Component 92
 Changes in Net Position 93-95
 Fund Balances - Governmental Funds 96
 Changes in Fund Balances - Governmental Funds..... 97-98
 Assessed Taxable Values (History of Property Values) 99
 Property Tax Rates - Direct and Overlapping Governments 100
 Principal Property Taxpayers 101
 Property Tax Levies and Collections 102
 Ratio of Outstanding Debt by Type 103
 Ratio of Net General Bonded Debt Outstanding 104
 Direct and Overlapping Governmental Activities Debt 105
 Computation of Legal Debt Margin 106
 Historical Legal Debt Margin 107
 Demographic Statistics 108
 Concentration of Workforce 109
 Full Time Equivalent City Employees by Function 110
 Operating Indicators by Function 111
 Capital Assets Statistics by Function 112

**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* 113-114**

INTRODUCTORY SECTION

Scott Dzurka
Mayor

Brad Gurski
Vice Mayor

Eric Hufnagel
Commissioner

Jean Ruestman
Commissioner

Chris Hyzer
Commissioner



Chad A. Gamble, P.E.
City Manager

Mindy J. Seavey
City Clerk

Kristina Kinde
City Treasurer

Michael Homier
City Attorney

Justin Smith
Director of Public Services

December 26, 2023

To the Mayor, Members of the City Commission, and Citizens of the City of St. Johns:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of St. Johns (the City), Michigan for the fiscal year ended June 30, 2023, along with the Independent Auditor's Report, submitted in compliance with Michigan State Law. State law requires that within six months of the close of each fiscal year local governments publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This ACFR meets state law requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on comprehensive internal controls established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Maner Costerisan, the City's independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is a companion document to this letter of transmittal and should be read in conjunction with it.

Profile of the Government

St. Johns is a home rule city operating under the Commission-Manager form of government. The City Commission is comprised of the Mayor and four Commission members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Commission and is responsible for the daily management of the City.

The Commission is required to adopt a final budget prior to the beginning of the fiscal year (July 1). The annual budget serves as the foundation of the City of St. Johns' financial planning and control. The Commission adopts the budgets at the department level basis for the General Fund and the fund level basis for all other Governmental Funds in conformance with Public Act 621 of the State of Michigan.

The City provides a full range of municipal services including police and fire protection, refuse and recycling collection, water, sanitary sewer, storm sewer, streets, infrastructure development and maintenance, parks and recreational programs and facilities, and general administrative services. Internal services of the City include motor pool operations and maintenance.

The City has three discretely presented component units that are the Downtown Development Authority (DDA), the Local Development Finance Authority (LDFA), and the Principal Shopping District (PSD). Discretely presented component units are segregated from the primary government in the government-wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA and PSD promote business development and coordinate many special holiday events and other celebrations in the downtown area. The LDFA promotes business development in the industrial park located north of the City.

The City of St. Johns, Michigan is located 18 miles north of downtown Lansing and is a historic community founded in 1856. The City encompasses an area of approximately 4.02 square miles, has a population of approximately 8,000, and approximately 44 miles of streets. Known as the Mint City due to its unique agricultural heritage, St. Johns honors its roots while also planting the seeds for thriving small businesses and industry hubs. The City offers a charming, small-town feel with an easy commute to downtown Lansing. St. Johns serves as the Clinton County seat and provides a full range of municipal services to residents. Learn more at cityofstjohnsmi.com.

Financial Condition

The General Fund is the government's primary operating fund. Over the past several years, the fund balance for the General Fund remained stable with minimal changes in the total (see the Statistical Section of the financial statements).

Local Economy

The City has many diverse businesses including retail, commercial, and manufacturing. St. Johns is near the Lansing-East Lansing Metropolitan Statistical Area (MSA). This area includes Clinton, Ingham, and Eaton counties. The current unemployment rate for this MSA is 3.9%. The City continues to see growth in our residential and manufacturing sectors. Over the past year the City approved construction of approximately 75 multi-family residential units within the City's central business district. Also, the recent sale of the old Federal Mogul building, and projected \$20 million of investment and creation of 100 new manufacturing jobs in is an exciting development that is very promising for the City's financial future.

Tax Abatements

Tax abatements and/or credits continue to be a major contributor in the City's economic development toolbox. Obsolete property rehabilitation act (OPRA) credits, brownfield tax credits, or other state related tax incentives attract initial capital investment and job creation that, in the long run, build our community, reclaim blighted property, and add to its character. Of importance is the understanding that the relative short term tax credits will eventually raise property values, increase the contributions to our DDA, and infuse additional benefits into the economy (i.e. increased economic activity, local services, and frequenting of local retail establishments). All of these factors work to strengthen our overall community standing and resiliency.

Long-term Financial Planning

The City's charter provides for a 10-mill cap. Since the passage of the Headlee Amendment, units of government are required to annually calculate a Headlee rollback factor. The annual factor is then added to Headlee rollback factors determined in prior years resulting in a cumulative Headlee rollback factor. This reduction is then applied to the millage originally authorized by charter. Due to the rising costs of infrastructure replacement, pension liability, and building improvements, the City residents approved to restore the full amount (10 mills) of the original authorized charter millage rate in 2020.

Financial Policies

In August 2016, the City Commission approved a Fund Balance Policy. The Policy is modeled after a recommendation from the Government Financial Officers Association. The Policy sets a goal to maintain an unassigned fund balance of 15% to 20% of expenditures. This Policy ensures the City maintains reserves to handle unplanned expenditures. Currently, the City's General Fund Balance is \$2,685,705 which is approximately 45% of expenditures.

Major Initiatives

The City completed another year of street improvements funded by the dedicated street millage. Voters originally approved 4 mills for a 4 year program in 2014. In November 2017, the residents approved a 3 mill for 5 years millage to continue necessary street improvements. This continues to be a very successful program for the City in making up the structural gaps in an underfunded state gas tax to maintain the state's road infrastructure. In November 2022, the residents approved a 3 mill for 6 years millage to continue needed street improvements. Benefits of this project can be seen all over the City and is a large reason why we are not only able to do the amount of road rehabilitation that we have, but also consider measured streetscape improvements in conjunction with street rehabilitation in and around the central business district.

The City also continues to invest in geographic information system (GIS) based asset management. Each year we continue adding features and data sets to assist in the tracking of major maintenance to a number of the city's managed infrastructure sets. In addition, this information can be of great assistance in budgetary decisions and long-range capital improvement programming. In addition, eligibility in some state grant programs are predicated on whether or not a community has a managed GIS asset management system.

The Wilson Community Center project was contemplated over the past several years. This past October the City Commission made the decision to invest in a public private partnership (P3) with Dymaxion Development Company. This P3 created a condominium-based ownership arrangement for all property formerly associated with the Rodney B. Wilson High School. The City will maintain control and ownership of the gym and auditorium and will add a community room and concession/kitchen area to create the first community center for the City. Dymaxion Development Company will then add 49 apartment units to the campus.

The Wilson Condominium building rehabilitation activity will start early in 2024 with buildout of the respective community center and apartment units to start in the summer of 2024. The targeted reopening of the facility for community center use and apartments is in 2025.

Another transformative regional project will be the extreme makeover of an area of the St. Johns City Park known as “Fantasy Forest”. This recreational area, comprised of multi-age based playground equipment, was constructed over 20 years ago, and has reached the end of its lifespan. The City, in collaboration with the St. Johns Area Community Fund, has begun a nearly \$1.3 million improvement to this area. 2024 will include a collaborative community-based design process to prepare for the eventual construction in the spring of 2025. This project is made possible by a \$694,000 Michigan Department of Natural Resources SPARK grant. This park is a regional destination, and this Fantasy Forest 2.0 project will be another jewel in the crown of this family friendly destination.

The area adjacent to the City’s downtown public park, known as “the Depot”, will receive some long-needed attention and hopeful catalytic activity this Spring. There are multiple grain silos that are functionally obsolete that exist on City owned property, along with other City and Michigan Department of Transportation owned parcels adjacent to the depot. Lying just north of the downtown area, the Depot environment is in need of activation. A Michigan State University Planning Department practicum class will use this site as a capstone project study area and include over 1000 hours of study and eventual recommendations on how the City could partner with developers to transform this entry way of the downtown.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Johns for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022; an award the City has received annually since 2000. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration.

The City was also recently recognized for its successes and efforts in contributing to Michigan’s entrepreneurial growth and economic development in the annual eCities study conducted by researchers at iLabs, University of Michigan-Dearborn’s Office of Engagement and Impact. This increased focus and recognition of the opportunities of growth and development speaks to the increased collaboration between the DDA, Chamber, Lansing Economic Area Partnership and the City.

Acknowledgements

The timely, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the City of St. Johns Finance Department. We appreciate the time and talent of everyone who contributed to this important document. The people who live, work in, or receive services from the City should also appreciate the behind-the-scenes work and responsibility that has gone into this description of the City’s stewardship of the resources entrusted to it.

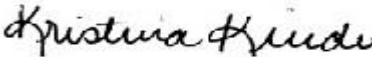
December 26, 2023

We would also like to thank the members of the City Commission and the City's Finance Advisory Board for their interest and efforts in planning and conducting the financial operations of the City in a responsible and balanced manner.

Respectfully submitted,



Chad A. Gamble, P.E.
City Manager



Kristina Kinde
City Treasurer

**CITY OF ST. JOHNS
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2023**

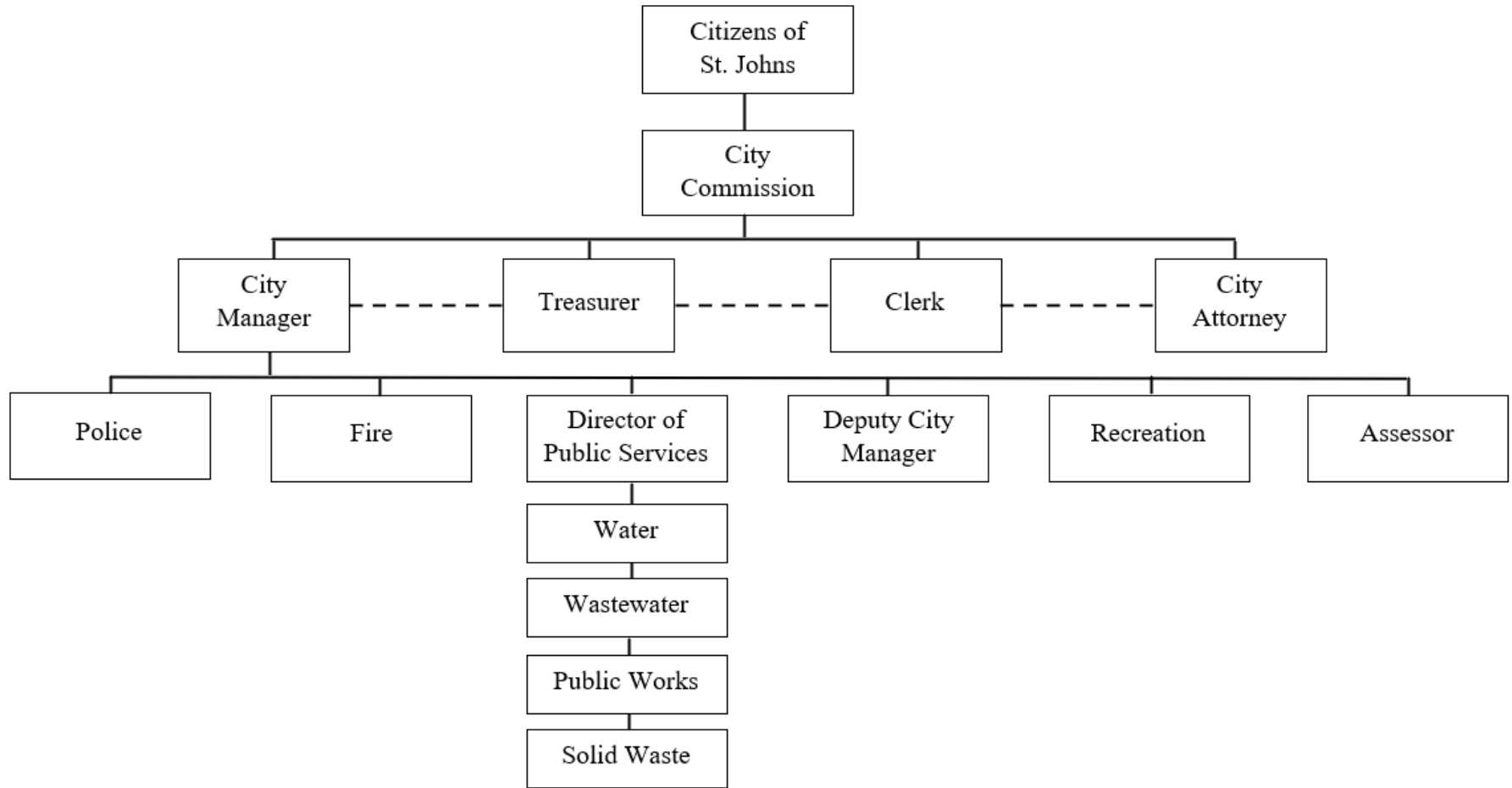
City Commission

Scott Dzurka	Mayor
Brad Gurski	Vice Mayor
Eric Hufnagel	Commissioner
Jean Ruestman	Commissioner
Chris Hyzer	Commissioner

Officers and Officials

Chad Gamble	City Manager
Kristina Kinde	City Treasurer
Mindy Seavey	City Clerk

**CITY OF ST. JOHNS
ORGANIZATIONAL CHART
JUNE 30, 2023**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of St. Johns
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Commission
City of St. Johns, Michigan

Report on the Audit of the Financial Statements

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 City of St. Johns, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of St. Johns' 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 City of St. Johns, 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 City of St. Johns 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 City of St. Johns' 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 City of St. Johns' 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 City of St. Johns' 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, budgetary comparison information, and pension schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of St. Johns' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023, on our consideration of City of St. Johns' 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 City of St. Johns' 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 City of St. Johns' internal control over financial reporting and compliance.

Maney Costeiran PC

December 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following is a discussion and analysis of the City’s financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2023. This analysis should be read in conjunction with the *Independent Auditors Report*, our letter of transmittal, and with the City’s financial statements. This discussion provides comparisons with the previous fiscal year as required by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

Please note some of the financial highlights as of and for the fiscal year ending June 30, 2023.

Total net position	\$ 21,461,053
Change in net position	1,705,372
Total fund balance in the governmental funds	3,643,375
Change in fund balance in the governmental funds	370,104
Unassigned fund balance in the General Fund	1,154,350
Change in fund balance in the General Fund	(269,131)
Total investment in capital assets, net of accumulated depreciation	29,406,518
Net change in capital assets	313,983
Total long-term debt outstanding	10,977,569
Payments on long-term debt	(1,013,133)

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City consists of the following components: 1) Independent Auditors Report; 2) Management’s Discussion and Analysis and 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and Other Supplementary Information including combining financial statements for all nonmajor governmental funds, budget to actual comparisons for all nonmajor governmental funds, and combining financial statements for all fiduciary funds, and budget to actual comparisons for all nonmajor governmental funds.

Government-wide Financial Statements (Reporting the City of St. Johns as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. Their purpose is to assist in answering the question, is the City, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position presents all of the City’s assets and deferred outflows, less liabilities and deferred inflows, the difference of which is known as “net position”. Over time, increases or decreases in net position measure whether the City’s financial position is improving or deteriorating.

CITY OF ST. JOHNS, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities presents information showing how the City of St. Johns' net position changed during the current fiscal year. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the City of St. Johns' basic services are reported under this category. Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the City's government departments such as public safety, the City Commission, public works, and recreation and library programs are reported under these activities. This also includes the activities such as the Major and Local Street maintenance, and Drug Enforcement.
- **Business-type Activities** - These activities operate like private businesses. The City charges fees to recover the cost of the services provided. The City's Water and Sewer Fund is an example of such activities.
- **Discretely Presented Component Units** - The Discretely Presented Component Units are legally separate organizations for which the City Commission appoints the authority's board and there is a degree of financial accountability to the City.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, reconciliations between the two statement types are provided in the financial statements. The following summarizes the most common impacts of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation/amortization) are not reported on the fund financial statements of the governmental funds; however, depreciation/amortization expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statement but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City's general capital assets such as land, buildings, equipment, infrastructure, etc. These values are not included in the fund financial statements.

CITY OF ST. JOHNS, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements (Reporting the City's Major Funds)

The fund financial statements provide information on the City's major (significant) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by grant agreements. Funds are also utilized to track specific operations; these include the enterprise funds, which includes the Water and Sewer Fund.

The *basic financial statements* report major funds as defined by the Governmental Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for City include the General Fund, Major Street Fund, Street Millage II Capital Projects Fund, and the Water and Sewer Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The City includes detailed information on its nonmajor funds in other supplementary sections of this report.

The City of St. Johns funds are divided into four categories - governmental, proprietary, component unit, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the City's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (where use of fund balance is restricted), *Debt Service Funds* (used to report debt tax millage collections and payment of long-term debt), and *Capital Projects Funds* (used to report major capital acquisitions and construction).
- **Proprietary Funds** - Services, for which the City charges customers a fee, are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. The City has two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public, such as the Water and Sewer Fund. *Internal service funds* report activity associated with goods and services provided to other funds and departments of the City on a cost reimbursement basis, such as the Mobile Equipment Fund.
- **Fiduciary Funds** - The City acts as a trustee or fiduciary in certain instances. The City's fiduciary activities are reported in separate Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position. These funds are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the City to fund its operations.
- **Discretely Presented Component Units** - The Discretely Presented Component Units are legally separate organizations for which the City Commission appoints the authority's board and there is a degree of financial accountability to the City. The Downtown Development Authority, Principal Shopping District, and Local Development Finance Authority are examples of such activities.

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Notes to the Financial Statements

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

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds. It also includes required schedules for both of the City's defined benefit pension plan.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE CITY OF ST. JOHNS AS A WHOLE

The following table shows, in a condensed format, a comparative analysis of the net position as of June 30, 2023, and 2022.

Net Position as of June 30, 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 5,288,738	\$ 5,273,156	\$ 5,734,564	\$ 5,144,643	\$ 11,023,302	\$ 10,417,799
Capital assets	<u>14,349,215</u>	<u>13,883,251</u>	<u>15,057,303</u>	<u>15,209,284</u>	<u>29,406,518</u>	<u>29,092,535</u>
TOTAL ASSETS	<u>19,637,953</u>	<u>19,156,407</u>	<u>20,791,867</u>	<u>20,353,927</u>	<u>40,429,820</u>	<u>39,510,334</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,086,215</u>	<u>384,192</u>	<u>792,384</u>	<u>387,014</u>	<u>1,878,599</u>	<u>771,206</u>
LIABILITIES						
Current	1,604,413	1,725,522	1,346,295	952,921	2,950,708	2,678,443
Noncurrent	<u>6,002,221</u>	<u>4,899,267</u>	<u>11,894,437</u>	<u>12,086,115</u>	<u>17,896,658</u>	<u>16,985,382</u>
TOTAL LIABILITIES	<u>7,606,634</u>	<u>6,624,789</u>	<u>13,240,732</u>	<u>13,039,036</u>	<u>20,847,366</u>	<u>19,663,825</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>551,702</u>	<u>-</u>	<u>310,332</u>	<u>-</u>	<u>862,034</u>
NET POSITION						
Net investment in capital assets	13,065,689	12,952,539	5,515,516	4,805,158	18,581,205	17,757,697
Restricted	957,002	847,922	1,196,056	918,621	2,153,058	1,766,543
Unrestricted	<u>(905,157)</u>	<u>(1,436,353)</u>	<u>1,631,947</u>	<u>1,667,794</u>	<u>726,790</u>	<u>231,441</u>
TOTAL NET POSITION	<u>\$ 13,117,534</u>	<u>\$ 12,364,108</u>	<u>\$ 8,343,519</u>	<u>\$ 7,391,573</u>	<u>\$ 21,461,053</u>	<u>\$ 19,755,681</u>

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,461,053 as of June 30, 2023. A portion of the City's net position, \$726,790, reflects its balance of unrestricted net position.

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City's net position invested in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding was \$18,581,205 at June 30, 2023. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2,153,058 represents resources that are subject to external restrictions on how they may be used.

Overall net position increased by \$1,705,372 during the current year as indicated below.

Changes in Net Position for the Fiscal Year Ended June 30, 2023 and 2022

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the City's net position changed between fiscal years 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenue						
Charges for services	\$ 1,887,062	\$ 1,761,934	\$ 5,856,833	\$ 5,702,692	\$ 7,743,895	\$ 7,464,626
Operating grants and contributions	1,335,241	1,420,480	-	-	1,335,241	1,420,480
General revenues						
Property taxes	3,485,501	3,322,052	-	-	3,485,501	3,322,052
State shared revenue	946,648	940,573	-	-	946,648	940,573
Investment earnings	6,094	(1,330)	18,411	2,051	24,505	721
Gain (loss) on sale of capital assets	(21,138)	31,100	-	-	(21,138)	31,100
Miscellaneous	98,194	97,003	85,421	88,049	183,615	185,052
Transfers	26,923	26,763	(26,923)	(26,763)	-	-
TOTAL REVENUES	<u>7,764,525</u>	<u>7,598,575</u>	<u>5,933,742</u>	<u>5,766,029</u>	<u>13,698,267</u>	<u>13,364,604</u>
EXPENSES						
General government	1,996,375	1,486,890	-	-	1,996,375	1,486,890
Public safety	2,073,002	1,853,281	-	-	2,073,002	1,853,281
Public works	2,392,896	2,604,215	-	-	2,392,896	2,604,215
Health and welfare	140,382	47,802	-	-	140,382	47,802
Recreation and culture	397,141	352,623	-	-	397,141	352,623
Water and sewer	-	-	4,981,796	4,860,679	4,981,796	4,860,679
Interest on long-term debt	11,303	15,908	-	-	11,303	15,908
TOTAL EXPENSES	<u>7,011,099</u>	<u>6,360,719</u>	<u>4,981,796</u>	<u>4,860,679</u>	<u>11,992,895</u>	<u>11,221,398</u>
Change in net position	<u>\$ 753,426</u>	<u>\$ 1,237,856</u>	<u>\$ 951,946</u>	<u>\$ 905,350</u>	<u>\$ 1,705,372</u>	<u>\$ 2,143,206</u>

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Governmental Activities

Fiscal year 2023 results showed an increase in net position of \$753,426 to \$13,117,534. This is an increase of approximately 6% from the prior fiscal year. The largest revenue source was property taxes which consists of approximately 45% of the total revenues. The largest expenses are related to public works and public safety which make up approximately 34% and 30%, respectively, of the total expenses. Key elements of the increase in net position are as follows:

- Charges for services increased approximately \$125,000 an increase in administrative charges.
- Property taxes increased approximately \$163,000, due primarily to increases in property values.
- General government expenses increased by approximately \$650,000 due to an increase in consultant fees and Wilson Center capital outlay.

Business-type Activities

Fiscal year 2023 results showed an increase in net position of \$951,946 to \$8,343,519. This is an increase of approximately 13% from the prior fiscal year. Key elements of the increase in net position are as follows:

- Charges for services increased approximately \$154,000, due mainly to increased water and sewer usage.

FINANCIAL ANALYSIS OF THE CITY OF ST. JOHNS’ MAJOR AND NONMAJOR FUNDS

As the City completed fiscal year 2023, its governmental funds reported a positive *combined* fund balance. The net changes are summarized in the following chart:

Governmental Funds					
Fund Balance as of:	General	Major Street	Street Millage II	Nonmajor Governmental Funds	Total
June 30, 2023	\$ 2,685,705	\$ 545,579	\$ -	\$ 412,091	\$ 3,643,375
June 30, 2022	\$ 2,954,836	\$ 535,092	\$ (530,155)	\$ 313,498	\$ 3,273,271
Change	\$ (269,131)	\$ 10,487	\$ 530,155	\$ 98,593	\$ 370,104

General Fund

The General Fund is the chief operating fund of the City. Unless otherwise required by statute, contractual agreement, or Commission policy, all City revenues and expenditures are recorded in the General Fund. At the end of the current fiscal year, the total fund balance had decreased approximately 9%, due primarily to Wilson Center capital outlay.

Major Street Fund

The Major Street Fund accounts for revenues received from the State of Michigan for the City’s share of State gasoline and weight taxes, which is used for maintenance of major streets. At the end of the current fiscal year, the total fund balance had increased approximately 2% as a result of an increase in Act 51 funding.

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Street Millage II Fund

The Street Millage II Fund accounts for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's streets. At the end of the current fiscal year, the ending fund balance was zero as a result of the approved tax millage ending and all of the funds being expended.

General Fund Budgetary Highlights

The City's budget is a dynamic document. Although adopted in May (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

Actual General Fund revenues and other financing sources totaled \$5,791,874, or \$264,788 (5%) more than the final amended budget which was increased from the original budget by \$204,111. General Fund actual expenditures and other financing uses came in at \$6,061,005 and the final amended budget was \$5,752,575, which was approximately 5% less than actual. The final amended budget was 8% higher than the originally adopted budget after new information became available requiring the amendments. The significant variances related to the General Fund's budget are noted below.

	Original Budget	Final Amended Budget	Variance between Original and Final Budgets	Actual	Variance between Final Budget and Actual
Revenue and Other Financing Sources					
Taxes	\$ 2,616,498	\$ 2,695,299	\$ 78,801	\$ 2,577,478	\$ (117,821)
Intergovernmental	1,395,991	1,472,148	76,157	1,143,532	(328,616)
Debt proceeds	-	655,864	655,864	655,864	-
Expenditures					
Public safety					
Police department	1,875,593	1,962,534	86,941	1,932,916	29,618
Public works					
Department of public works	439,243	515,253	76,010	487,212	28,041
Recreation and culture					
City parks	136,936	177,686	40,750	152,315	25,371
Capital outlay	569,796	1,277,092	707,296	1,180,163	96,929

- Actual tax revenue was lower than the final budgeted amount due to board of review adjustments and TIF captures.
- Budgeted intergovernmental revenues were amended during the year when the City received notice of additional funding having been approved. Actual intergovernmental revenue was lower than the final budgeted amount due to ARPA funding being recorded as unearned revenue.
- Budgeted debt proceeds were higher than budget as the proceeds for the fire pumper debt was not budgeted.
- Amounts budgeted for police department expenditures were amended during the year after union negotiations were complete. Actual administration expenditures were lower than the final budgeted amount due to defined contribution forfeiture amounts.
- Amounts budgeted for public works expenditures were amended during the year when light pole installation was moved from the prior year. Actual public works expenditures were lower than the final budgeted amount due to deferred contribution forfeiture amounts.

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- Budgeted expenditures for City parks were amended during the year when park grants were received. Actual city park expenditures were lower than the final budgeted amount due to better time management with park maintenance.
- Budgeted expenditures for capital outlay were amended during the year for a new police car. Actual capital outlay expenditures were higher than budgeted amount due to the purchase of a fire pumper truck and Wilson Center capital outlay.

Water and Sewer Fund

The City’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Water and Sewer Fund, the City’s sole enterprise fund, accounts for the operations and maintenance required to provide water and sewer services to the general public with the costs (expenses, including depreciation) being financed or recovered primarily through user charges.

Enterprise Funds

Net Position as of:	Water and Sewer
June 30, 2023	\$ 8,343,519
June 30, 2022	\$ 7,391,573
Change	\$ 951,946

At the end of the current fiscal year, the total fund balance had increased approximately 13% as a result of increased water charges as a result of new water accounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2023, the City’s investment in capital assets includes land, land improvements, buildings and improvements, vehicles, furniture and equipment, drainage flowage rights, infrastructure, water and sewer systems, and construction in progress. (These capital assets do not include those of the discretely presented component units). Refer to Note 5 of the notes to the financial statements for more detailed information related to capital assets.

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The summary of capital assets below shows the net capital assets for both governmental and business-type activities as of June 30, 2023:

	<u>June 30, 2022</u>	<u>Change</u>	<u>June 30, 2023</u>
Governmental Activities			
Land	\$ 1,241,566	\$ 59,547	\$ 1,301,113
Construction in progress	23,000	287,046	310,046
Land improvements, net	591,875	(71,425)	520,450
Buildings and improvements, net	1,809,474	(105,816)	1,703,658
Vehicles, net	1,121,526	657,279	1,778,805
Furniture, net	151,350	(10,303)	141,047
Equipment - right to use, net	24,930	(24,930)	-
Drainage flowage rights, net	373,647	(10,957)	362,690
Infrastructure, net	<u>8,545,883</u>	<u>(314,477)</u>	<u>8,231,406</u>
 Total governmental activities	 <u>13,883,251</u>	 <u>465,964</u>	 <u>14,349,215</u>
Business-type Activities			
Land	169,161	-	169,161
Construction in progress	16,985	30,555	47,540
Water system	2,490,000	677,640	3,167,640
Sewer system	11,817,346	(779,901)	11,037,445
Equipment	<u>715,792</u>	<u>(80,275)</u>	<u>635,517</u>
 Total business-type activities	 <u>15,209,284</u>	 <u>(151,981)</u>	 <u>15,057,303</u>
 Capital assets, net	 <u><u>\$ 29,092,535</u></u>	 <u><u>\$ 313,983</u></u>	 <u><u>\$ 29,406,518</u></u>

The net increase/(decrease) in the City's investment in capital assets for the governmental and business-type activities in the current year was a result of the following:

- Work put into various City streets
- Wilson Center purchase downpayment
- Purchase of 405 E. Townsend Rd.
- Wastewater CIPP lining project
- Purchase of two police vehicles
- Purchase of new DPW and Water vehicles
- Purchase of Fire Pumper
- Purchase of a new cold patch trailer
- New Well #9
- Improvements to Walker Street and Scott Road watermains
- New well plan generator

**CITY OF ST. JOHNS, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Long-term Obligations - At the end of the current year, the City’s primary government had one long-term obligations outstanding aside from compensated absences. Refer to Note 6 to the financial statements for more detailed information related to long-term debt.

	<u>June 30, 2022</u>	<u>Change</u>	<u>June 30, 2023</u>
Governmental Activities			
General obligation bonds	\$ 340,000	\$ (199,000)	\$ 141,000
Direct borrowing and direct placements	590,712	551,814	1,142,526
Compensated absences	191,203	5,594	196,797
	<u>1,121,915</u>	<u>358,408</u>	<u>1,480,323</u>
Business-type Activities			
General obligation bonds	10,090,000	(675,000)	9,415,000
Direct borrowing and direct placements	314,126	(35,083)	279,043
Compensated absences	95,793	(5,982)	89,811
	<u>10,499,919</u>	<u>(716,065)</u>	<u>9,783,854</u>
	<u>\$ 11,621,834</u>	<u>\$ (357,657)</u>	<u>\$ 11,264,177</u>

Long-term debt for the purchase of a pumper fire truck was obtained during the current fiscal year while all other debt decreased during the fiscal year as a result of scheduled debt service payments.

Limitations on Debt

State statute limits the City’s debt obligations to 10 percent of the current state equalized value (SEV), net of certain adjustments. The City’s SEV as of June 30, 2023, net of adjustments, was approximately \$331 million; therefore, the City’s debt limitation was approximately \$33 million. The City remains below its legal debt limit by approximately \$31 million. The City’s computation of the legal debt limit is shown in the statistical section of this report.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The following factors were considered in preparing the City’s budget for the 2024 fiscal year:

- Healthcare costs will remain fairly stable with the rise in premiums being minimal.
- Taxable values are increasing resulting in fairly stable property tax revenue.
- Cost of employee fringe benefits.
- ARPA projects

CONTACTING THE CITY OF ST. JOHNS

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City at (989) 224-8944.

BASIC FINANCIAL STATEMENTS

CITY OF ST. JOHNS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,736,459	\$ 2,453,454	\$ 6,189,913	\$ 614,012
Investments	265,750	435,978	701,728	-
Receivables, net	254,062	1,412,310	1,666,372	-
Due from other governmental units	332,695	-	332,695	-
Internal balances	(23,249)	23,249	-	-
Inventory	22,528	136,024	158,552	-
Prepays	62,831	800	63,631	-
Total current assets	4,651,076	4,461,815	9,112,891	614,012
Noncurrent assets				
Restricted cash	-	1,272,749	1,272,749	-
Investments	260,258	-	260,258	-
Equity interest in ambulance service authority	377,404	-	377,404	-
Capital assets not being depreciated/amortized	1,611,159	216,701	1,827,860	-
Capital assets, net of accumulated depreciation/amortization	12,738,056	14,840,602	27,578,658	-
Total noncurrent assets	14,986,877	16,330,052	31,316,929	-
TOTAL ASSETS	19,637,953	20,791,867	40,429,820	614,012
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	152,256	152,256	-
Deferred outflows of resources related to pensions	1,086,215	640,128	1,726,343	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,086,215	792,384	1,878,599	-
LIABILITIES				
Current liabilities				
Accounts payable	240,715	437,017	677,732	2,178
Accrued liabilities	45,828	14,940	60,768	-
Deposits payable	-	15,080	15,080	-
Due to other governmental units	196	-	196	13
Accrued interest payable	36,017	76,693	112,710	-
Unearned revenue	860,317	-	860,317	-
Current portion of compensated absences	144,648	66,366	211,014	-
Current portion of long-term debt	276,692	736,199	1,012,891	-
Total current liabilities	1,604,413	1,346,295	2,950,708	2,191
Noncurrent liabilities				
Noncurrent portion of compensated absences	52,149	23,445	75,594	-
Noncurrent portion of long-term debt	1,006,834	8,957,844	9,964,678	-
Net pension liability	4,943,238	2,913,148	7,856,386	-
Total noncurrent liabilities	6,002,221	11,894,437	17,896,658	-
TOTAL LIABILITIES	7,606,634	13,240,732	20,847,366	2,191
NET POSITION				
Net investment in capital assets	13,065,689	5,515,516	18,581,205	-
Restricted				
Streets	710,427	-	710,427	-
Garbage	222,709	-	222,709	-
Drug law enforcement	1,949	-	1,949	-
Debt service	-	1,196,056	1,196,056	-
Capital projects	21,917	-	21,917	-
Unrestricted	(905,157)	1,631,947	726,790	611,821
TOTAL NET POSITION	\$ 13,117,534	\$ 8,343,519	\$ 21,461,053	\$ 611,821

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government							
Governmental activities							
General Government	\$ 1,996,375	\$ 146,815	\$ 122,560	\$ (1,727,000)	\$ -	\$ (1,727,000)	\$ -
Public safety	2,073,002	147,527	13,387	(1,912,088)	-	(1,912,088)	-
Public works	2,392,896	1,482,850	1,169,836	259,790	-	259,790	-
Health and welfare	140,382	-	6,671	(133,711)	-	(133,711)	-
Recreation and culture	397,141	109,870	22,787	(264,484)	-	(264,484)	-
Interest on long-term debt	11,303	-	-	(11,303)	-	(11,303)	-
Total governmental activities	7,011,099	1,887,062	1,335,241	(3,788,796)	-	(3,788,796)	-
Business-type activities							
Water and Sewer	4,981,796	5,856,833	-	-	875,037	875,037	-
Total primary government	\$ 11,992,895	\$ 7,743,895	\$ 1,335,241	(3,788,796)	875,037	(2,913,759)	-
Component units							
Downtown development authority	\$ 25,390	\$ -	\$ 700	-	-	-	(24,690)
Principal shopping district	87,211	-	101,795	-	-	-	14,584
Local development finance authority	68,984	-	-	-	-	-	(68,984)
Total component units	\$ 181,585	\$ -	\$ 102,495	-	-	-	(79,090)
General revenues							
Property taxes				3,485,501	-	3,485,501	219,605
State shared revenue				946,648	-	946,648	-
Investment earnings				6,094	18,411	24,505	916
(Loss) on sale of capital assets				(21,138)	-	(21,138)	-
Other				98,194	85,421	183,615	-
Transfers				26,923	(26,923)	-	-
Total general revenues and transfers				4,542,222	76,909	4,619,131	220,521
Change in net position				753,426	951,946	1,705,372	141,431
Restated net position, beginning of the year				12,364,108	7,391,573	19,755,681	470,390
Net position, end of the year				\$ 13,117,534	\$ 8,343,519	\$ 21,461,053	\$ 611,821

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General	Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total
		Major Street	Street Millage II		
ASSETS					
Cash and cash equivalents	\$ 2,716,839	\$ 361,448	\$ 251,578	\$ 401,664	\$ 3,731,529
Investments	526,008	-	-	-	526,008
Receivables					
Accounts	248,137	-	-	-	248,137
Special assessments	-	-	-	5,925	5,925
Due from other governmental units	150,367	133,791	-	48,537	332,695
Due from other funds	5,438	136,784	-	118,862	261,084
Prepaid expenditures	62,831	-	-	-	62,831
TOTAL ASSETS	\$ 3,709,620	\$ 632,023	\$ 251,578	\$ 574,988	\$ 5,168,209
LIABILITIES					
Accounts payable	\$ 129,779	\$ 20,111	\$ -	\$ 83,514	\$ 233,404
Accrued liabilities	42,021	913	-	1,644	44,578
Due to other governmental units	196	-	-	-	196
Due to other funds	47,102	9,920	251,578	71,814	380,414
Unearned revenue	804,817	55,500	-	-	860,317
TOTAL LIABILITIES	1,023,915	86,444	251,578	156,972	1,518,909
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	5,925	5,925
FUND BALANCES					
Nonspendable	62,831	-	-	-	62,831
Restricted	-	545,579	-	412,091	957,670
Assigned	1,468,524	-	-	-	1,468,524
Unassigned	1,154,350	-	-	-	1,154,350
TOTAL FUND BALANCES	2,685,705	545,579	-	412,091	3,643,375
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,709,620	\$ 632,023	\$ 251,578	\$ 574,988	\$ 5,168,209

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds \$ 3,643,375

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 as assets in the governmental funds.

The cost of capital assets is	\$ 23,833,540	
Accumulated depreciation/amortization is	<u>(10,371,214)</u>	
Capital assets, net		13,462,326

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the government-wide statement of net position.

Net position of governmental activities accounted for in the Internal Service Fund		505,399
--	--	---------

Long-term receivables are not available to pay for current period expenditures and are therefore deferred inflows of resources in the funds.		5,925
--	--	-------

Equity interest in Clinton Area Ambulance Service Authority is not a current financial resource and therefore is not reported as an asset in the governmental funds.		377,404
--	--	---------

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent of the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions		1,086,215
--	--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Accrued interest payable	(26,211)	
Compensated absences	(196,797)	
Long-term debt	(796,864)	
Net pension liability	<u>(4,943,238)</u>	
		<u>(5,963,110)</u>

Net position of governmental activities \$ 13,117,534

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	General	Special Revenue Major Street	Capital Projects Street Millage II	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 2,577,478	\$ -	\$ 752,400	\$ 155,623	\$ 3,485,501
Special assessments	-	-	-	2,343	2,343
Licenses and permits	114,861	-	-	-	114,861
Intergovernmental	1,143,532	808,404	29,333	293,435	2,274,704
Charges for services	1,131,967	-	-	576,835	1,708,802
Fines and forfeitures	20,765	-	-	-	20,765
Investment earnings and rent	27,740	673	-	694	29,107
Other	119,667	1,944	-	3,021	124,632
TOTAL REVENUES	5,136,010	811,021	781,733	1,031,951	7,760,715
EXPENDITURES					
Current					
General government	1,739,438	-	-	-	1,739,438
Public safety	2,158,727	-	-	2,309	2,161,036
Public works	487,212	560,611	-	1,074,911	2,122,734
Health and welfare	53,886	-	-	-	53,886
Recreation and culture	382,566	-	-	-	382,566
Capital outlay	1,180,163	-	-	-	1,180,163
Debt service	-	-	-	204,742	204,742
TOTAL EXPENDITURES	6,001,992	560,611	-	1,281,962	7,844,565
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(865,982)	250,410	781,733	(250,011)	(83,850)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	139,435	-	353,604	493,039
Transfers out	(59,013)	(379,358)	(251,578)	(5,000)	(694,949)
Debt proceeds	655,864	-	-	-	655,864
TOTAL OTHER FINANCING SOURCES (USES)	596,851	(239,923)	(251,578)	348,604	453,954
NET CHANGE IN FUND BALANCES	(269,131)	10,487	530,155	98,593	370,104
Fund balances (deficits), beginning of year	2,954,836	535,092	(530,155)	313,498	3,273,271
Fund balances, end of year	<u>\$ 2,685,705</u>	<u>\$ 545,579</u>	<u>\$ -</u>	<u>\$ 412,091</u>	<u>\$ 3,643,375</u>

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ 370,104

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over the estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital outlay	\$ 1,500,208
Depreciation/amortization expense	<u>(905,347)</u>

Excess of capital outlay over depreciation/amortization expense	594,861
---	---------

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Change in net position of Internal Service Fund	(114,957)
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in long-term receivables reported in the funds is:

	(1,975)
--	---------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds. These activities consist of:

Change in equity interest in the Clinton Area Ambulance Service Authority	(86,496)
---	----------

Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Direct borrowings	(655,864)
Principal retirement	<u>199,000</u>

Excess of direct borrowings over principal retirement	(456,864)
---	-----------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable	(24,528)
(Increase) in compensated absences	(5,594)
(Increase) in net pension liability	(774,850)
Increase in deferred outflows of resources related to pensions	702,023
Decrease in deferred inflows of resources related to pensions	<u>551,702</u>

448,753

Change in net position of governmental activities	<u>\$ 753,426</u>
--	--------------------------

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Business-type Activities <u>Enterprise</u> <u>Fund</u> <u>Water</u> <u>and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Fund</u> <u>Mobile</u> <u>Equipment</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,453,454	\$ 4,930
Investments	435,978	-
Accounts receivables, net	1,412,310	-
Due from other funds	29,171	96,081
Inventory	136,024	22,528
Prepays	800	-
	<u>4,467,737</u>	<u>123,539</u>
Noncurrent assets		
Restricted cash	1,272,749	-
Capital assets not being depreciated	216,701	-
Capital assets, net of accumulated depreciation	<u>14,840,602</u>	<u>886,889</u>
	<u>16,330,052</u>	<u>886,889</u>
	<u>20,797,789</u>	<u>1,010,428</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	152,256	-
Deferred outflows of resources related to pensions	<u>640,128</u>	<u>-</u>
	<u>792,384</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	437,017	7,311
Accrued liabilities	14,940	1,250
Customer deposits	15,080	-
Due to other funds	5,922	-
Accrued interest payable	76,693	9,806
Current portion of compensated absences	66,366	-
Current portion of long-term debt	<u>736,199</u>	<u>80,785</u>
	<u>1,352,217</u>	<u>99,152</u>
Noncurrent liabilities		
Noncurrent portion of compensated absences	23,445	-
Noncurrent portion of long-term debt	8,957,844	405,877
Net pension liability	<u>2,913,148</u>	<u>-</u>
	<u>11,894,437</u>	<u>405,877</u>
	<u>13,246,654</u>	<u>505,029</u>
NET POSITION		
Net investment in capital assets	5,515,516	400,227
Restricted for debt service	1,196,056	-
Unrestricted	<u>1,631,947</u>	<u>105,172</u>
	<u>\$ 8,343,519</u>	<u>\$ 505,399</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2023**

	Business-type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Fund Mobile Equipment
OPERATING REVENUES		
Charges for services	\$ 5,856,833	\$ 123,658
OPERATING EXPENSES		
Water plant operation	839,913	-
Water distribution	607,906	-
Wastewater plant operation	1,193,682	-
Administrative expenses	902,117	-
Mobile equipment operation	-	271,789
Depreciation expense	1,128,254	167,985
TOTAL OPERATING EXPENSES	4,671,872	439,774
OPERATING INCOME (LOSS)	1,184,961	(316,116)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	18,411	2
(Loss) on sale of capital assets	-	(21,138)
Other revenue	85,421	8
Interest and fees expense	(309,924)	(6,546)
TOTAL NONOPERATING REVENUES (EXPENSES)	(206,092)	(27,674)
NET INCOME (LOSS) BEFORE TRANSFERS	978,869	(343,790)
TRANSFERS		
Transfers in	-	228,833
Transfers out	(26,923)	-
TOTAL TRANSFERS	(26,923)	228,833
CHANGE IN NET POSITION	951,946	(114,957)
Net position, beginning of year	7,391,573	620,356
Net position, end of year	\$ 8,343,519	\$ 505,399

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2023**

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water and Sewer	Mobile Equipment
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and users	\$ 5,901,662	\$ 123,666
Cash paid to/for employees	(1,651,714)	(96,555)
Cash paid to suppliers/vendors	(1,724,424)	(188,628)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,525,524	(161,517)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt (payment) of interfund balances	(642,705)	338,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(976,273)	(72,226)
Principal paid on long-term debt	(710,083)	(104,050)
Proceeds from sale of assets	-	12,000
Interest and fees paid on long-term debt	(315,866)	(7,779)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,002,222)	(172,055)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(435,978)	-
Maturity of investments	429,053	-
Interest received	18,411	2
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,486	2
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(107,917)	4,930
Cash and cash equivalents, beginning of year	3,834,120	-
Cash and cash equivalents, end of year	\$ 3,726,203	\$ 4,930
Classification on the Statement of Net Position		
Cash and cash equivalents	\$ 2,453,454	\$ 4,930
Restricted cash	1,272,749	-
	\$ 3,726,203	\$ 4,930

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONCLUDED)
 YEAR ENDED JUNE 30, 2023**

	<u>Business-type Activities Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Fund Mobile Equipment</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,184,961	\$ (316,116)
Cash generated from other revenue	85,421	8
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,128,254	167,985
(Increase) in:		
Accounts receivable, net	(40,592)	-
Inventory	(34,519)	(10,105)
Prepays	(20)	-
Deferred outflows of resources	(405,370)	-
Increase (decrease) in:		
Accounts payable	389,963	(1,354)
Accrued liabilities	(34,520)	(1,935)
Customer deposits	(170)	-
Compensated absences	(5,982)	-
Net pension liability	568,430	-
Deferred inflows of resources	(310,332)	-
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 2,525,524</u>	 <u>\$ (161,517)</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2023**

	<u>Custodial Fund</u> <u>Current Tax Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,007</u>
LIABILITIES	
Accrued liabilities	<u>1,007</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	Custodial Fund
	Current Tax Fund
ADDITIONS	
Collections for other governmental units	\$ 7,770,950
DEDUCTIONS	
Distributions to other governmental units	7,770,950
CHANGE IN NET POSITION	-
Net position, beginning of year	-
Net position, end of year	\$ -

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2023**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 89,827	\$ 19,760	\$ 504,425	\$ 614,012
LIABILITIES				
Current liabilities				
Accounts payable	-	538	1,640	2,178
Due to other governmental units	-	13	-	13
TOTAL LIABILITIES	-	551	1,640	2,191
NET POSITION				
Unrestricted	<u>\$ 89,827</u>	<u>\$ 19,209</u>	<u>\$ 502,785</u>	<u>\$ 611,821</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
COMPONENT UNITS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position			
		Operating Grants and Contributions	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total Component Units
Component Units						
Community and economic development						
Downtown development authority	\$ 25,390	\$ 700	\$ (24,690)	\$ -	\$ -	\$ (24,690)
Principal shopping district	87,211	101,795	-	14,584	-	14,584
Local development finance authority	68,984	-	-	-	(68,984)	(68,984)
Total	<u>\$ 181,585</u>	<u>\$ 102,495</u>	<u>(24,690)</u>	<u>14,584</u>	<u>(68,984)</u>	<u>(79,090)</u>
General revenues						
Property taxes			64,793	-	154,812	219,605
Investment earnings			102	245	569	916
Total general revenues			<u>64,895</u>	<u>245</u>	<u>155,381</u>	<u>220,521</u>
Change in net position			40,205	14,829	86,397	141,431
Net position, beginning of the year			<u>49,622</u>	<u>4,380</u>	<u>416,388</u>	<u>470,390</u>
Net position, end of the year			<u>\$ 89,827</u>	<u>\$ 19,209</u>	<u>\$ 502,785</u>	<u>\$ 611,821</u>

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of St. Johns (the "City") is the county seat of Clinton County, Michigan, and has a population of approximately 7,700. The City of St. Johns operates with a City Commission/Manager form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has five City Commissioners who are elected at large for overlapping four-year terms. The Commission elects two of its members to serve as Mayor and Vice Mayor. The Commission appoints the City Manager, City Clerk, Finance Director/Treasurer, and Assessor.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units are included in the City's financial statements and are not audited separately.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for the entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading or incomplete. The financial statements contain the following discretely presented component units:

Principal Shopping District (PSD) - The PSD is governed by a board of no less than eight and no more than twelve directors. The members of the governing board are recommended by the DDA board and appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one County representative to the board. The purpose of the PSD is to facilitate programs for an improved growth environment in and near downtown St. Johns, and to assist the downtown area in becoming a stronger mixed-use urban center by encouraging a variety of retail, service, professional, residential, and recreational opportunities. The City has the ability to significantly influence operations of the PSD and also has a potential financial benefit or burden. The PSD is legally separate and fiscally independent of the City. The PSD is included in the City's audited financial statements and separate financial statements have not been issued.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (concluded)

Downtown Development Authority (DDA) - The DDA is governed by a board of no less than eight and no more than twelve directors. The members of the governing board are recommended by the DDA board and appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one County representative to the board. The City also has the ability to significantly influence operations of the DDA. Additionally, the DDA's budget is subject to approval by the City Commission. The DDA may issue debt payable solely from tax increment revenues. The full faith and credit of the City may be given for the debt of the DDA. The DDA is included in the City's audited financial statements and separate financial statements have not been issued.

Local Development Finance Authority (LDFA) - The LDFA is governed by a ten member board, seven of whom are appointed by the Chief Executive Officer, subject to approval by the City Commission, one of whom is appointed by the Clinton County Board of Commissioners, and two of whom are appointed by the chief executive officer of St. Johns Public Schools. The purpose of the LDFA is to eliminate the causes of unemployment, under-employment, and joblessness and to promote economic growth in the City, pursuant to Act 281 of the Public Acts of Michigan, 1986, as amended. The City has the ability to significantly influence operations of the LDFA and also has a potential financial benefit or burden. The LDFA is legally separate and fiscally independent of the City. The LDFA is included in the City's audited financial statements and separate financial statements have not been issued.

Joint Venture

The City participates in the following activities which are considered to be joint ventures in relation to the City, due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

Clinton Area Ambulance Service Authority (CAASA) - The City is a member of the Clinton Area Ambulance Service Authority (the Authority). The participating municipalities include City of St. Johns, City of Ovid, Village of Fowler, Village of Maple Rapids, Township of Bengal, Township of Bingham, Township of Dallas, Township of Duplain, Township of Essex, Township of Greenbush, Township of Lebanon, and Township of Ovid. The Authority is considered a Municipal Emergency Service Authority as provided in the Emergency Services to Municipalities Act, 1988 PA 57, and MCL 124.601. The remaining formation and operating guidelines, etc. are detailed in the Authority's Articles of Incorporation and Bylaws and are maintained in the Authority's administrative offices. The Board is comprised of fourteen members, two members from the City of St. Johns and one member from each of the remaining municipalities. A Director oversees the day-to-day operations of the Authority.

CAASA has no stockholders and all monies received are to be used for certain specified purposes in accordance with the joint venture agreement between the constituent municipalities. CAASA is intended to operate as much as possible from revenues derived from operations. However, each municipality is responsible for remitting an annual financial contribution pursuant to a formula based upon a per capita contribution based upon each incorporation municipality's population as determined by the most recent U.S. Department of Census figures.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Venture (concluded)

Due to the City having ongoing financial responsibilities, their equity interest in the Authority has been included in the government-wide financial statements. The City's equity interest in the Authority was \$377,404 as of the year ended March 31, 2023, the most recent financial statements available, as calculated based on the formation agreement. CAASA's government-wide total assets at March 31, 2023, were \$1,797,334 and total liabilities were \$185,848, which resulted in net position of \$1,611,486.

The formation agreement states that at termination and dissolution CAASA, each participating municipality would receive a percentage of the net position after reasonable dissolution costs are deducted and if there were any remaining debts the participating municipalities would be obligated to pay these outstanding balances. Upon dissolution, the net position remaining would be distributed among the then active participating municipalities according to their historical contribution amounts to the Authority as detailed in the agreement. Based on an analysis of the recent contributions made for the year ended March 31, 2023, the City had contributed approximately 23.42% of the total contributions. Therefore, their proportionate share of the net position of CAASA at March 31, 2023, has been recorded in the government-wide financial statements of the City for the fiscal year ended June 30, 2023.

Financial statements of CAASA can be obtained from their administrative office.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following *Major Governmental Funds*:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues sources include property taxes, license and permits, fines, and state shared revenue.

The *Major Street Fund* accounts for revenues received from the State of Michigan for the City's share of State gasoline and weight taxes, which is used for maintenance of major streets.

The *Street Millage II Fund* accounts for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's streets.

The City reports the following *Major Proprietary Fund*:

The *Water and Sewer Fund* accounts for the operations and maintenance required to provide water and sewer services to the general public. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the City reports the following *Fund Types*:

The *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes other than debt service, capital projects, or permanent funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *Internal Service Fund* for the mobile equipment used by departments within the City and the related expenses incurred on a cost reimbursement basis.

The *Custodial Fund* account for assets held by the City as a custodian for other governments, private organizations, or individuals. The City's custodial fund is the Current Tax Fund.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary (i.e., enterprise and internal service) funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the City’s practice to use restricted resources first, then unrestricted resources as they are needed.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. The Special Revenue, Debt Service, and Capital Project Funds' budgets shown as other supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to April 1, the City Manager submits to the Commission a proposed budget for the fiscal year beginning the following July 1.
- b. A public hearing is then conducted to obtain taxpayer comments.
- c. No later than the first Commission meeting in June, the budget is required to be legally enacted through passage of a resolution.
- d. The budget is legally adopted at the department level for the General Fund and total expenditure level for the Special Revenue Funds, Debt Service Funds, and Capital Project Funds; however, they are maintained at the account level for control purposes.
- e. The City Manager, or designee, is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the City Commission.
- f. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year-end.
- g. Budgeted amounts are reported as originally adopted or amended by the City Commission during the year. Individual amendments were appropriately approved by the City Commission as required.
- h. Budget appropriations lapse at year end.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, certificates of deposit with an original maturity of less than 90 days from the date of purchase, and liquidity investment accounts. The cash equivalents are recorded at cost, which approximates fair value.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Investments are recorded at fair value.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments (concluded)

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.
- g. Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consist of amounts due related to charges for services, special assessments, and other amounts owed to the City at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and receivables for charges for services provided to local governmental units.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The City is a lessee for noncancelable leases of equipment. The City recognizes a lease liability and an intangible right-to-use the lease asset in the government-wide financial statements. The City recognizes lease liabilities that are considered material and have an initial, individual value that the City would recognize as a capital asset.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- a. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- b. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

The City's leases contained no variable payment terms and there was no residual value guarantee.

Inventories

Inventories in the enterprise fund consist of water department supplies which are stated at the lower of cost or market on the first in - first out basis. Inventory in the internal service fund consist of consumable mobile equipment supplies which are stated at the lower of cost or market on the first in - first out basis. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Prepays

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute "available spendable resources" even though they are a component of fund balance.

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNIT

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements and proprietary fund types. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

Land and construction in progress, if any, are not depreciated. Right to use assets of the City are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-40 years
Buildings and improvements	20-40 years
Vehicles	5-20 years
Furniture and equipment	5-50 years
Equipment - right to use	2 years
Drainage flowage rights	25-50 years
Infrastructure	9-50 years
Water system	5-50 years
Sewer system	5-50 years

Unearned Revenue

Unearned revenue is reported in connection with resources that have been received, but not yet earned.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave in varying amounts. In the event of termination, individual employees have vested rights to receive payment for unused vacation and sick leave. All vacation and sick pay is 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 resignations and retirements.

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Obligations (concluded)

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Net Pension Liability

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, a separate financial statement element, represents a consumption of net assets or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, a separate financial statement element, represents an acquisition of net assets or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position, the governmental funds, or proprietary funds balance sheet/statement of net position.

The City reports deferred outflows of resources and deferred inflows of resources which correspond to the City's net pension liability and are related to differences between expected and actual experience, changes in assumptions, and differences between projected and actual plan investment earnings. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

The City also reports deferred outflows of resources related to deferred charges on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City also reports deferred inflows of resources, one of which arises only under a modified accrual basis of accounting and qualify for reporting in this category. The City reports unavailable revenue in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues collected subsequent to 60 days after year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax

The City bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied on July 1 and December 1 and are payable without penalty through August 14 and February 14, respectively. The July 1 levy is composed of the County's levy, State Education Tax assessment, City's millages and assessments. The December 1 levy is composed of the rest of the County levies, district library, transit, school district, and intermediate school district taxes. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 10 mills (\$10 per \$1,000 of taxable valuation) for general governmental services other than the payment of debt service. The City is also permitted to levy additional mills specifically designated for streets and sidewalks, solid waste, and economic development. For the year ended June 30, 2023, the City levied 9.8103 mills per \$1,000 of assessed valuation for general operations, 2.9150 mills for streets and sidewalks, 0.6000 mills for solid waste, and 0.1936 mills for economic development. The total ad valorem taxable value for the 2022 levy for property within the City was \$274,785,517.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Balances for transfers that have not yet cleared as of the balance sheet date are considered interfund receivables and payables.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions that have been imposed by outside sources which preclude a portion of net position from their use for unrestricted purposes.

Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications (concluded)

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Commission. The formal action that is required to be taken to establish a fund balance commitment is a resolution by the City Commission.

For assigned fund balances, the City Commission has authorized the City Manager the ability to assign amounts to a specific purpose. Currently, assigned fund balance represents funds intended to be used by the City for specific purposes that do not meet the criteria to be classified as restricted or committed.

The City Commission has adopted a minimum fund balance policy in which the General Fund maintains an unassigned fund balance equal to 15% - 20% of expenditures. The use of fund balance is appropriate to cover large capital projects or emergency expenditures where funds are not available in the current approved operating budget.

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net Investment in Capital Assets

Net investment in capital assets represents the following:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 14,349,215	\$ 15,057,303
Less		
Outstanding principal of capital related debt	(1,283,526)	(9,694,043)
Plus		
Deferred charges on refunding	-	152,256
Net investment in capital assets	\$ 13,065,689	\$ 5,515,516

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits and investments referred to below have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash and cash equivalents	\$ 6,189,913	\$ 614,012	\$ 1,007	\$ 6,804,932
Cash - restricted	1,272,749	-	-	1,272,749
Investments - current	701,728	-	-	701,728
Investments - noncurrent	260,258	-	-	260,258
	\$ 8,424,648	\$ 614,012	\$ 1,007	\$ 9,039,667

As of June 30, 2023, the City had cash, cash equivalents, and investments summarized by the following categorization:

Deposits	
Checking	\$ 7,021,333
Certificates of deposit	1,568,424
Petty cash	900
Investments	449,010
	\$ 9,039,667

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2023, the City had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, \$7,598,120 of the City's bank balance of \$8,791,137 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issue or backer, by; limiting investments to the types of securities allowed by law; and investing through pre-approved third-party custodians.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Foreign Currency Risk

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

Interest Rate Risk

In accordance with its investment policy, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing the investment portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio.

As of June 30, 2023, the primary government had the following investments containing interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Michigan CLASS Investment Pool	\$ 449,010	0.1234

One day maturity equals .0027, one year equals 1.00.

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As of June 30, 2023, the primary government had the following investments containing credit risk:

Investment Type	Fair Value	Standard & Poor's Rating
Michigan CLASS Investment Pool	\$ 449,010	AAAm

Investments in Entities that Calculate Net Asset Value Per Share

The City holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 449,010	\$ -	No restrictions	None

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2023, are as follows:

	Due From Other Funds					Total
	Governmental			Business-type		
	General Fund	Major Street Fund	Nonmajor Governmental Funds	Internal Service Fund	Water and Sewer Fund	
Due To Other Funds						
Governmental						
General Fund	\$ -	\$ 4,068	\$ -	\$ 13,863	\$ 29,171	\$ 47,102
Major Street Fund	-	-	-	9,920	-	9,920
Street Millage II Fund	-	132,716	118,862	-	-	251,578
Nonmajor governmental funds	5,438	-	-	66,376	-	71,814
Business-type						
Water and Sewer Fund	-	-	-	5,922	-	5,922
Total	\$ 5,438	\$ 136,784	\$ 118,862	\$ 96,081	\$ 29,171	\$ 386,336

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

	Transfers In			Total
	Governmental			
	Major Street Fund	Nonmajor Governmental Funds	Internal Service Fund	
Transfers out				
Governmental				
General Fund	\$ 6,719	\$ 13,461	\$ 38,833	\$ 59,013
Major Street Fund	-	194,358	185,000	379,358
Street Millage II Fund	132,716	118,862	-	251,578
Nonmajor governmental funds	-	-	5,000	5,000
Business-type				
Water and Sewer Fund	-	26,923	-	26,923
Total	\$ 139,435	\$ 353,604	\$ 228,833	\$ 721,872

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND TRANSFERS (concluded)

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Significant transfers that occurred during the fiscal year related to the major governmental funds (Street Millage II Fund) transferred taxes collected to the Major Street fund and nonmajor governmental funds.

NOTE 5 - CAPITAL ASSETS

Primary Government

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions /</u> <u>Reclassifications</u>	<u>Deletions /</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,241,566	\$ 59,547	\$ -	\$ 1,301,113
Construction in progress	23,000	317,676	(30,630)	310,046
Total capital assets not being depreciated	<u>1,264,566</u>	<u>377,223</u>	<u>(30,630)</u>	<u>1,611,159</u>
Capital assets, being depreciated/amortized				
Land improvements	1,809,456	-	(75,000)	1,734,456
Buildings and improvements	3,373,952	-	-	3,373,952
Vehicles	3,297,444	862,901	(312,865)	3,847,480
Furniture	411,714	34,341	(63,344)	382,711
Equipment - right to use	49,861	-	-	49,861
Drainage flowage rights	529,268	-	-	529,268
Infrastructure	14,799,859	328,599	-	15,128,458
Subtotal	<u>24,271,554</u>	<u>1,225,841</u>	<u>(451,209)</u>	<u>25,046,186</u>
Less accumulated depreciation/amortization for:				
Land improvements	(1,217,581)	(71,425)	75,000	(1,214,006)
Buildings and improvements	(1,564,478)	(105,816)	-	(1,670,294)
Vehicles	(2,175,918)	(192,384)	299,627	(2,068,675)
Furniture	(260,364)	(24,744)	43,444	(241,664)
Equipment - right to use	(24,931)	(24,930)	-	(49,861)
Drainage flowage rights	(155,621)	(10,957)	-	(166,578)
Infrastructure	(6,253,976)	(643,076)	-	(6,897,052)
Subtotal	<u>(11,652,869)</u>	<u>(1,073,332)</u>	<u>418,071</u>	<u>(12,308,130)</u>
Net capital assets being depreciated/amortized	<u>12,618,685</u>	<u>152,509</u>	<u>(33,138)</u>	<u>12,738,056</u>
Capital assets, net	<u>\$ 13,883,251</u>	<u>\$ 529,732</u>	<u>\$ (63,768)</u>	<u>\$ 14,349,215</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (concluded)

Primary Government (concluded)

	Balance July 1, 2022	Additions / Reclassifications	Deletions / Reclassifications	Balance June 30, 2023
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 169,161	\$ -	\$ -	\$ 169,161
Construction in progress	16,985	321,780	(291,225)	47,540
	<u>186,146</u>	<u>321,780</u>	<u>(291,225)</u>	<u>216,701</u>
Total capital assets not being depreciated				
Capital assets, being depreciated				
Water system	6,832,981	823,458	-	7,656,439
Sewer system	29,657,972	75,336	-	29,733,308
Equipment	1,482,653	46,924	(19,794)	1,509,783
	<u>37,973,606</u>	<u>945,718</u>	<u>(19,794)</u>	<u>38,899,530</u>
Subtotal				
Less accumulated depreciation for:				
Water system	(4,342,981)	(145,818)	-	(4,488,799)
Sewer system	(17,840,626)	(855,237)	-	(18,695,863)
Equipment	(766,861)	(127,199)	19,794	(874,266)
	<u>(22,950,468)</u>	<u>(1,128,254)</u>	<u>19,794</u>	<u>(24,058,928)</u>
Subtotal				
Net capital assets being depreciated	<u>15,023,138</u>	<u>(182,536)</u>	<u>-</u>	<u>14,840,602</u>
Capital assets, net	<u>\$ 15,209,284</u>	<u>\$ 139,244</u>	<u>\$ (291,225)</u>	<u>\$ 15,057,303</u>

Depreciation/amortization expense was charged to the following functions:

	Governmental Activities	Business-type Activities
General government	\$ 54,972	\$ -
Public safety	114,688	-
Public works	831,892	-
Recreation and culture	71,780	-
Water and Sewer	<u>-</u>	<u>1,128,254</u>
Total depreciation/amortization expense	<u>\$ 1,073,332</u>	<u>\$ 1,128,254</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
General obligation bonds					
2017 Refunding Bonds	\$ 340,000	\$ -	\$ (199,000)	\$ 141,000	\$ 141,000
Direct borrowing and direct placements					
Installment purchase agreements					
Pumper	-	655,864	-	655,864	54,907
Fire truck	246,190	-	(24,095)	222,095	24,853
Dump truck	113,355	-	(31,487)	81,868	32,199
Street sweeper	205,701	-	(23,002)	182,699	23,733
Leases payable	25,466	-	(25,466)	-	-
Compensated absences	191,203	70,374	(64,780)	196,797	144,648
Total governmental activities	<u>1,121,915</u>	<u>726,238</u>	<u>(367,830)</u>	<u>1,480,323</u>	<u>421,340</u>
Business-type activities					
General Obligation Bonds					
2013 Refunding Revenue Bonds	1,675,000	-	(255,000)	1,420,000	250,000
2016 Refunding Revenue Bonds	5,510,000	-	(300,000)	5,210,000	325,000
2019 Revenue Bonds	2,905,000	-	(120,000)	2,785,000	125,000
Direct borrowing and direct placements					
Installment purchase agreement					
Vactor truck	314,126	-	(35,083)	279,043	36,199
Compensated absences	95,793	31,620	(37,602)	89,811	66,366
Total business-type activities	<u>10,499,919</u>	<u>31,620</u>	<u>(747,685)</u>	<u>9,783,854</u>	<u>802,565</u>
Total reporting entity	<u>\$ 11,621,834</u>	<u>\$ 757,858</u>	<u>\$ (1,115,515)</u>	<u>\$ 11,264,177</u>	<u>\$ 1,223,905</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Primary Government

Governmental Activities

\$1,119,000 General Obligation Refunding Bonds dated October 3, 2017, due in semi-annual installments ranging from \$70,000 to \$71,000 through April 1, 2024, with interest of 1.98%, payable semi-annually.

\$ 141,000

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (concluded)

\$655,864 Installment purchase agreement dated July 10, 2022, due in annual payments of \$80,420 through July 10, 2032, including interest of 3.89%. This installment purchase agreement was for the purchase of a pumper tanker fire truck. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redelivery of any and all equipment and collateral.

\$ 655,864

\$376,615 Installment purchase agreement dated November 19, 2015, due in annual payments of \$31,833 through November 1, 2030, including interest of 3.10%. This installment purchase agreement was for the purchase of a pumper tanker fire truck. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redelivery of any and all equipment and collateral.

222,095

\$159,283 Installment purchase agreement dated October 26, 2020, due in semi-annual payments of \$16,930 through October 26, 2025, including interest of 2.25%. This installment purchase agreement was for the purchase of a dump truck. The agreement contains provisions that in an event of default the City will use any and all other resources available for payments.

81,868

\$630,683 Installment purchase agreement dated September 1, 2018, due in annual payments of \$74,616 through September 1, 2029, including interest of 3.18%. This installment purchase agreement is allocated between governmental and business-type activities. The allocation is roughly 39.60% governmental activities and 60.40% business-type activities. The portion allocated to the governmental activities was for the purchase of a street sweeper. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the City for reasonable fees and other expenses as a result of the default.

182,699

\$ 1,142,526

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Business-type Activities

\$2,845,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 16, 2013, due in annual installments ranging from \$250,000 to \$300,000 through October 1, 2027, with interest of 3.15%, payable semi-annually. \$ 1,420,000

\$6,535,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated October 20, 2016, due in annual installments ranging from \$290,000 to \$755,000 through October 1, 2032, with interest of 2.65%, payable semi-annually. 5,210,000

\$3,130,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated August 27, 2019, due in annual installments ranging from \$125,000 to \$210,000 through October 1, 2039, with interest of 3.39%, payable semi-annually. 2,785,000

\$ 9,415,000

\$630,683 Installment purchase agreement dated September 1, 2018, due in annual payments of \$74,616 through September 1, 2029, including interest of 3.18%. This installment purchase agreement is allocated between governmental and business-type activities. The allocation is roughly 39.60% governmental activities and 60.40% business-type activities. The portion allocated to the business-type activities was for the purchase of a vector truck. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the City for reasonable fees and other expenses as a result of the default. \$ 279,043

Compensated Absences

In accordance with the City personnel policies and/or contracts negotiated with the various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. At June 30, 2023, the dollar amount of these vested rights, including related payroll taxes, amounted to \$286,608. Of this amount, \$196,797 and \$89,811 are shown as accrued liabilities within the government-wide financial statements' governmental and business-type activities, respectively, in accordance with criteria disclosed in Note 1. All City departments and funds with employees liquidate vacation and normal sick leave as a direct payout. These liabilities are expected to be liquidated primarily by the General Fund and Water and Sewer Fund.

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (concluded)

Primary Government (concluded)

The following is a summary of annual debt service requirements to maturity for the above obligations:

	Governmental Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 141,000	\$ 2,088	\$ 135,692	\$ 39,970
2025	-	-	140,075	35,587
2026	-	-	127,710	31,022
2027	-	-	114,907	26,894
2028	-	-	118,988	22,813
2029-2033	-	-	505,154	367,539
	<u>\$ 141,000</u>	<u>\$ 2,088</u>	<u>\$ 1,142,526</u>	<u>\$ 523,825</u>
	Business-type Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 700,000	\$ 266,844	\$ 36,199	\$ 8,869
2025	720,000	245,711	37,350	7,718
2026	735,000	223,982	38,538	6,530
2027	765,000	201,664	39,764	5,304
2028	785,000	178,672	41,028	4,040
2029-2033	4,365,000	538,658	86,164	8,164
2034-2038	930,000	150,744	-	-
2039-2043	415,000	14,153	-	-
	<u>\$ 9,415,000</u>	<u>\$ 1,820,428</u>	<u>\$ 279,043</u>	<u>\$ 40,625</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Summary of Significant Accounting Policies

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

Benefits Provided

	General	Police/Fire	City Manager	Water/Sewer
Open or closed to new hires	Closed	Closed	Closed	Closed
Benefit multiplier	2.50% multiplier (80% max)	2.50% multiplier (80% max)	2.25% multiplier (80% max)	2.50% multiplier (80% max)
Normal retirement age	60	60	60	60
Vesting	10 years	10 years	10 years	10 years
Early retirement (unreduced)	Age 50 / 25 years of service; Age 55 / 20 years of service	Age 50 / 25 years of service	N/A	Age 50 / 25 years of service; Age 55 / 20 years of service
Early retirement (reduced)	Age 55 / 15 years of service	Age 55 / 15 years of service	Age 50 / 25 years of service; Age 55 / 15 years of service	Age 55 / 15 years of service
Final average compensation (FAC)	3 years	3 years	3 years	3 years
Employee contributions	0.00%	0.00%	4.50%	0.00%
RS50% Elected	Yes	Yes	Yes	Yes
Act 88	No	No	No	No

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Commission, generally after negotiations of these terms with the affected unions. Benefit terms may be subject to binding arbitration in certain circumstances.

At the December 31, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>10</u>
	<u><u>65</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions (concluded)

At June 30, 2023, all divisions were closed to new employees. The City had annual employer contributions totaling \$1,539,280, including \$317,500 in voluntary contributions, during the fiscal year ended June 30, 2023.

Payable to the Pension Plan

At June 30, 2023, there was \$101,815 outstanding and owed to the pension plan.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.00% plus merit and longevity, 3.00% in the long-term.

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

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00 - 4.00%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Changes in Assumptions

There were no changes in assumptions during plan year 2022.

Changes in Benefits

There were no changes in benefit terms during plan year 2022.

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Projected Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Total Allocation Gross Rate of Return</u>	<u>Expected Long-term Real Rate of Return</u>
Global Equity	60.00%	4.50%	2.70%
Global Fixed Income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2021	\$ 19,145,475	\$ 12,632,369	\$ 6,513,106
Changes for the year			
Service cost	80,648	-	80,648
Interest on total pension liability	1,340,993	-	1,340,993
Difference between expected and actual experience	(301,872)	-	(301,872)
Employer contributions	-	1,533,390	(1,533,390)
Net investment income	-	(1,384,336)	1,384,336
Benefit payments, including employee refunds	(1,378,682)	(1,378,682)	-
Administrative expense	-	(22,968)	22,968
Other changes	-	(349,597)	349,597
Net changes	(258,913)	(1,602,193)	1,343,280
Balances at December 31, 2022	\$ 18,886,562	\$ 11,030,176	\$ 7,856,386

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rates 7.25%, as well as what the City's Net Pension Liability would be using a discount rate that is 1% point lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 9,819,140	\$ 7,856,386	\$ 6,197,145

**CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (concluded)

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

For the year ended June 30, 2023, the City recognized pension expense of \$899,183. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,115,453	\$ -
Contributions subsequent to the measurement date*	610,890	-
Total	\$ 1,726,343	\$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2024.

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

Year Ending June 30,	Pension Expense
2024	\$ 114,940
2025	208,110
2026	331,413
2027	460,990
	\$ 1,115,453

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

The City of St. Johns is the sponsor of a defined contribution retirement plan for the sole benefit of its employees. The plan is administered by the Michigan Municipal Employees Retirement System. The plan was established by the City Commission. Plan provisions and contribution requirements can be amended by the City Commission. Non-union employees hired after May 31, 2003, receive 10% of their wages as a contribution to the plan. Union employees hired after July 1, 2007, received 14% of their wages as a contribution to the plan. During the year ended June 30, 2023, the City of St. Johns made contributions for all eligible participating employees. To be eligible to participate, an employee must be full-time. Elected officials and volunteer firefighters are not eligible for this plan.

City contributions to the plan for the year ended June 30, 2023, were \$190,089.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RISK MANAGEMENT

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

The City also participates in a State pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, auto, crime, data breach, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage are detailed in their policy agreements with the authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in any of the past three fiscal years.

NOTE 10 - LEASE COMMITMENT

In December 1998, the City entered into a construction agreement with Clinton County to construct a new courthouse. At the same time, the Building Authority entered into a ground lease with Clinton County that provides the City administrative office space for a term of 99 years, at a rate of \$1 per year.

The terms of the construction agreement dictate that the City shall pay 7.43% of the cost of improvements incurred by the County. The terms of the ground lease dictate that the County or City may terminate the lease on or after the December 31 occurring not earlier than ten years following occupancy ("termination date"). For ten years following the termination date, the County or City may terminate the lease subject to varying percentage payments reimbursing the City for its pro rata share of the cost of improvements. After the tenth year following the termination date, either party may terminate the lease subject to 100% reimbursement of the City's pro rata share of the cost of improvements. As the lease is not an exchange or exchange-like transaction, it is not recorded on the financial statements in accordance with GASB No. 87.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the City's financial statement after the adoption of GASB Statement No. 96.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - DETAILS OF FUND BALANCE CLASSIFICATIONS

Fund balance classifications shown in the governmental fund financial statements indicate constraints imposed on the fund balance, if any. The following are the various constraints on fund balance as of June 30, 2023.

	General	Major Street	Street Millage II	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 62,831	\$ -	\$ -	\$ -	\$ 62,831
Restricted					
Streets	-	545,579	-	164,848	710,427
Garbage	-	-	-	222,709	222,709
Drug law enforcement	-	-	-	1,949	1,949
Debt service	-	-	-	668	668
Capital outlay	-	-	-	21,917	21,917
Assigned					
Capital purchases - fire	632,500	-	-	-	632,500
Capital purchases - equipment	631,000	-	-	-	631,000
Capital purchases - general	205,024	-	-	-	205,024
Unassigned	1,154,350	-	-	-	1,154,350
TOTAL FUND BALANCES	<u>\$ 2,685,705</u>	<u>\$ 545,579</u>	<u>\$ -</u>	<u>\$ 412,091</u>	<u>\$ 3,643,375</u>

NOTE 13 - TAX ABATEMENTS

The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) must be created prior to initiating a project so it is essential that you consult your local assessor before commencing a project. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. Applications are filed, reviewed, and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission (STC) is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC. Accordingly, such agreements meet the criteria of "tax abatements" under accounting standards.

The Michigan Renaissance Zone Act (the "Act"), P.A. 376 of 1996, established the Michigan Renaissance Zone initiative to foster economic opportunities in the state; facilitate economic development; stimulate industrial, commercial, and residential improvements; prevent physical and infrastructure deterioration of defined areas; and provide for the reuse of unproductive or abandoned industrial properties. Most state and local taxes, including both real and personal property tax, are abated within Renaissance Zones for a specified number of years.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - TAX ABATEMENTS (concluded)

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1-12 years as determined by the local unit of government. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Applications are filed, reviewed, and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates. Exemptions are not effective until approved by the STC.

For the year ended June 30, 2023, the City had one entity with tax abatements that exceeded 10% of the total amount abated. That IFT was a 50% property tax reduction for an agricultural processing company allowing for additional investments in equipment, facilities, and employment. The abatement amounted to \$240,198.

The City has the following tax abatements for the year ended June 30, 2023:

	Operating	Streets and Sidewalks	Solid Waste	Economic Development	Total
Industrial Finance Tax	\$ 77	\$ 22	\$ 5	\$ 2	\$ 106
Renaissance Zone	174,306	51,793	10,660	3,439	240,198
Obsolete Property Rehabilitation Act	8,198	2,436	501	162	11,297
	<u>\$ 182,581</u>	<u>\$ 54,251</u>	<u>\$ 11,166</u>	<u>\$ 3,603</u>	<u>\$ 251,601</u>

There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

NOTE 14 - 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 periods, (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 but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ST. JOHNS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,616,498	\$ 2,695,299	\$ 2,577,478	\$ (117,821)
Licenses and permits	107,000	107,000	114,861	7,861
Intergovernmental	1,395,991	1,472,148	1,143,532	(328,616)
Charges for services	1,094,605	1,094,605	1,131,967	37,362
Fines and forfeitures	17,000	19,800	20,765	965
Interest and rent	18,881	18,881	27,740	8,859
Other	73,000	119,353	119,667	314
TOTAL REVENUES	5,322,975	5,527,086	5,136,010	(391,076)
EXPENDITURES				
Current				
General government				
Legislative	493,970	598,276	610,620	(12,344)
Administration	1,023,510	1,055,573	1,045,012	10,561
Municipal building	85,000	85,000	83,806	1,194
Total general government	1,602,480	1,738,849	1,739,438	(589)
Public safety				
Police department	1,875,593	1,962,534	1,932,916	29,618
Fire department	241,254	243,854	225,811	18,043
Total public safety	2,116,847	2,206,388	2,158,727	47,661
Public works				
Department of public works	439,243	515,253	487,212	28,041
Health and welfare				
Ambulance	53,886	53,886	53,886	-
Recreation and culture				
Recreation department	195,791	231,491	230,251	1,240
City parks	136,936	177,686	152,315	25,371
Total recreation and culture	332,727	409,177	382,566	26,611
Capital outlay	569,796	1,277,092	1,180,163	96,929
TOTAL EXPENDITURES	5,114,979	6,200,645	6,001,992	198,653
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	207,996	(673,559)	(865,982)	(192,423)

**CITY OF ST. JOHNS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (207,794)	\$ (207,794)	\$ (59,013)	\$ 148,781
Debt proceeds	-	655,864	655,864	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(207,794)</u>	<u>448,070</u>	<u>596,851</u>	<u>148,781</u>
Net change in fund balance	202	(225,489)	(269,131)	(43,642)
Fund balance, beginning of year	<u>2,954,836</u>	<u>2,954,836</u>	<u>2,954,836</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,955,038</u>	<u>\$ 2,729,347</u>	<u>\$ 2,685,705</u>	<u>\$ (43,642)</u>

**CITY OF ST. JOHNS
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 1,103,436	\$ 1,103,436	\$ 808,404	\$ (295,032)
Investment earnings	-	-	673	673
Other	1,000	1,000	1,944	944
TOTAL REVENUES	<u>1,104,436</u>	<u>1,104,436</u>	<u>811,021</u>	<u>(293,415)</u>
EXPENDITURES				
Current				
Public works				
Street maintenance	951,013	1,065,424	411,136	654,288
Traffic service maintenance	41,309	52,548	27,476	25,072
Winter maintenance	33,618	33,618	36,042	(2,424)
Administrative	92,280	102,207	85,957	16,250
TOTAL EXPENDITURES	<u>1,118,220</u>	<u>1,253,797</u>	<u>560,611</u>	<u>693,186</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,784)</u>	<u>(149,361)</u>	<u>250,410</u>	<u>399,771</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	397,500	397,500	139,435	(258,065)
Transfers out	(379,358)	(379,358)	(379,358)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>18,142</u>	<u>18,142</u>	<u>(239,923)</u>	<u>(258,065)</u>
NET CHANGE IN FUND BALANCE	4,358	(131,219)	10,487	141,706
Fund balance, beginning of year	<u>535,092</u>	<u>535,092</u>	<u>535,092</u>	<u>-</u>
Fund balance, end of year	<u>\$ 539,450</u>	<u>\$ 403,873</u>	<u>\$ 545,579</u>	<u>\$ 141,706</u>

**CITY OF ST. JOHNS
STREET MILLAGE II CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 765,747	\$ 765,747	\$ 752,400	\$ (13,347)
Intergovernmental	15,986	15,986	29,333	13,347
TOTAL REVENUES	<u>781,733</u>	<u>781,733</u>	<u>781,733</u>	<u>-</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>781,733</u>	<u>781,733</u>	<u>781,733</u>	<u>-</u>
OTHER FINANCING (USES)				
Transfer out	<u>(251,578)</u>	<u>(251,578)</u>	<u>(251,578)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	530,155	530,155	530,155	-
Fund balance (deficit), beginning of year	<u>(530,155)</u>	<u>(530,155)</u>	<u>(530,155)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ST. JOHNS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 80,648	\$ 87,947	\$ 89,136	\$ 86,150	\$ 88,334	\$ 94,111	\$ 102,314	\$ 104,868	\$ 102,554
Interest	1,340,993	1,342,772	1,310,216	1,322,437	1,309,890	1,356,935	1,349,463	1,322,685	1,315,290
Difference between expected and actual experience	(301,872)	148,578	(88,748)	115,202	101,999	(699,069)	(5,998)	73,277	-
Changes of assumptions	-	626,216	485,592	542,432	-	-	-	685,498	-
Benefit payments including employee refunds	(1,378,682)	(1,368,218)	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Net change in total pension liability	(258,913)	837,295	429,926	715,521	166,268	(588,302)	89,500	843,976	101,462
Total pension liability, beginning	19,145,475	18,308,180	17,878,254	17,162,733	16,996,465	17,584,767	17,495,267	16,651,291	16,549,829
Total pension liability, ending	<u>\$ 18,886,562</u>	<u>\$ 19,145,475</u>	<u>\$ 18,308,180</u>	<u>\$ 17,878,254</u>	<u>\$ 17,162,733</u>	<u>\$ 16,996,465</u>	<u>\$ 17,584,767</u>	<u>\$ 17,495,267</u>	<u>\$ 16,651,291</u>
Plan fiduciary net position									
Contributions - employer	\$ 1,533,390	\$ 1,763,964	\$ 1,009,906	\$ 1,518,342	\$ 1,407,512	\$ 1,077,978	\$ 762,754	\$ 702,800	\$ 663,817
Contributions - employee	-	-	-	-	-	-	3,938	4,095	4,054
Net investment income (loss)	(1,384,336)	1,481,025	1,347,170	1,151,920	(356,262)	1,051,371	851,897	(120,666)	533,601
Benefit payments including employee refunds	(1,378,682)	(1,368,218)	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Administrative expense	(22,968)	(17,502)	(19,425)	(19,818)	(17,035)	(16,672)	(16,847)	(18,062)	(19,451)
Other	(349,597)	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(1,602,193)	1,859,269	971,381	1,299,744	(299,740)	772,398	245,463	(774,185)	(134,361)
Plan fiduciary net position, beginning	12,632,369	10,773,100	9,801,719	8,501,975	8,801,715	8,029,317	7,783,854	8,558,039	8,692,400
Plan fiduciary net position, ending	<u>\$ 11,030,176</u>	<u>\$ 12,632,369</u>	<u>\$ 10,773,100</u>	<u>\$ 9,801,719</u>	<u>\$ 8,501,975</u>	<u>\$ 8,801,715</u>	<u>\$ 8,029,317</u>	<u>\$ 7,783,854</u>	<u>\$ 8,558,039</u>
City's net pension liability	<u>\$ 7,856,386</u>	<u>\$ 6,513,106</u>	<u>\$ 7,535,080</u>	<u>\$ 8,076,535</u>	<u>\$ 8,660,758</u>	<u>\$ 8,194,750</u>	<u>\$ 9,555,450</u>	<u>\$ 9,711,413</u>	<u>\$ 8,093,252</u>
Plan fiduciary net position as a percentage of the total pension liability	58%	66%	59%	55%	50%	52%	46%	44%	51%
Covered payroll	\$ 668,649	\$ 797,343	\$ 762,818	\$ 734,094	\$ 751,578	\$ 801,333	\$ 865,538	\$ 889,705	\$ 870,041
City's net pension liability as a percentage of covered payroll	1175%	817%	988%	1100%	1152%	1023%	1104%	1092%	930%

CITY OF ST. JOHNS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF PENSION CONTRIBUTIONS
LAST NINE MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions ⁽¹⁾	\$ 1,226,480	\$ 1,200,600	\$ 1,037,328	\$ 962,484	\$ 987,300	\$ 844,980	\$ 762,754	\$ 702,800	\$ 663,817
Contributions in relation to the actuarially determined contribution	<u>1,539,280</u>	<u>1,518,100</u>	<u>1,354,828</u>	<u>1,379,984</u>	<u>1,520,012</u>	<u>1,077,978</u>	<u>762,754</u>	<u>702,800</u>	<u>663,817</u>
Contribution deficiency (excess)	<u>\$ (312,800)</u>	<u>\$ (317,500)</u>	<u>\$ (317,500)</u>	<u>\$ (417,500)</u>	<u>\$ (532,712)</u>	<u>\$ (232,998)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 767,291	\$ 812,276	\$ 766,472	\$ 766,778	\$ 765,340	\$ 803,255	\$ 870,370	\$ 877,622	\$ 879,873
Contributions as a percentage of covered payroll	201%	187%	177%	180%	199%	134%	88%	80%	75%

⁽¹⁾ The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially-determined contribution has been expressed above as a percentage of actual payroll.

CITY OF ST. JOHNS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - MICHIGAN EMPLOYEES' RETIREMENT SYSTEM

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2022
Measurement date	December 31, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll
Remaining amortization period	12 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Discount rate	7.25%
Salary increases	3.00% plus merit and longevity, 3.00% in the long-term
Long-term expected rate of return	7.00%, net of investment and administrative expense including inflation
Mortality	Pub-2010 and fully generational MP-2019
Changes of benefits terms	There were no changes of benefit terms for the plan year 2022
Changes in assumptions	There were no changes in assumptions during plan year 2022

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City's budgeted expenditures in the General Fund, Special Revenue funds, Debt Service fund, and Capital Projects funds have been shown at the functional classification level. The approved budgets of the City have been adopted at the department level for the General Fund and total expenditure level for the Special Revenue, Debt Service, and Capital Projects funds.

During the year ended June 30, 2023, the City incurred expenditures in excess of the amounts appropriated in various funds as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Legislative	\$ 598,276	\$ 610,620	\$ 12,344

OTHER SUPPLEMENTARY INFORMATION

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS**

Special Revenue Funds

Special Revenue Funds are used to record the proceeds associated with specific revenues that are legally restricted and committed for specific purposes.

The *Local Street Fund* accounts for revenues received from the State of Michigan for the City's share of State gasoline and weight taxes, which is used for maintenance of local streets.

The *Garbage Fund* accounts for the proceeds of garbage collection that are legally restricted to expenditures for the purpose of garbage collection.

The *Drug Law Enforcement Fund* accounts for all revenues received by the City for drug forfeiture activities, which finance the City drug law enforcement program activities and related public safety activities.

Debt Service Fund

Debt Services Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2007 Building Authority Capital Improvement Bonds Fund* is used to account for payment of principal and interest of bonds related to the 2007 Capital Improvement Bonds.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital purchases not financed by proprietary funds.

The *Fantasy Forest Fund* accounts for funds received and expended for the construction of a city-owned playground structure.

The *Revolving Special Assessment Fund* accounts for small capital projects that are repaid through assessments to residents. Costs and repayment of projects are monitored through this fund.

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Special Revenue			Debt Service	Capital Projects		Total
	Local Street Fund	Garbage	Drug Law Enforcement	Capital Improvement Bonds	Fantasy Forest	Revolving Special Assessment	
ASSETS							
Cash and cash equivalents	\$ 16,771	\$ 360,359	\$ 1,949	\$ 668	\$ 6,112	\$ 15,805	\$ 401,664
Special assessments receivable	-	-	-	-	-	5,925	5,925
Due from other governmental units	48,537	-	-	-	-	-	48,537
Due from other funds	118,862	-	-	-	-	-	118,862
TOTAL ASSETS	\$ 184,170	\$ 360,359	\$ 1,949	\$ 668	\$ 6,112	\$ 21,730	\$ 574,988
LIABILITIES							
Accounts payable	\$ 5,707	\$ 77,807	\$ -	\$ -	\$ -	\$ -	\$ 83,514
Accrued liabilities	1,073	571	-	-	-	-	1,644
Due to other funds	12,542	59,272	-	-	-	-	71,814
TOTAL LIABILITIES	19,322	137,650	-	-	-	-	156,972
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	5,925	5,925
FUND BALANCES							
Restricted	164,848	222,709	1,949	668	6,112	15,805	412,091
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 184,170	\$ 360,359	\$ 1,949	\$ 668	\$ 6,112	\$ 21,730	\$ 574,988

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Special Revenue			Debt Service	Capital Projects		Total
	Local Street Fund	Garbage	Drug Law Enforcement	Capital Improvement Bonds	Fantasy Forest	Revolving Special Assessment	
REVENUES							
Taxes	\$ -	\$ 155,623	\$ -	\$ -	\$ -	\$ -	\$ 155,623
Special assessments	-	-	-	-	-	2,343	2,343
Intergovernmental	286,017	7,418	-	-	-	-	293,435
Charges for services	-	576,835	-	-	-	-	576,835
Investment earnings	9	655	5	-	7	18	694
Other	1,117	1,604	-	-	300	-	3,021
TOTAL REVENUES	287,143	742,135	5	-	307	2,361	1,031,951
EXPENDITURES							
Current							
Public safety	-	-	2,309	-	-	-	2,309
Public works	398,629	676,282	-	-	-	-	1,074,911
Debt service	-	-	-	204,742	-	-	204,742
TOTAL EXPENDITURES	398,629	676,282	2,309	204,742	-	-	1,281,962
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(111,486)	65,853	(2,304)	(204,742)	307	2,361	(250,011)
OTHER FINANCING SOURCES (USES)							
Transfers in	148,862	-	-	204,742	-	-	353,604
Transfers out	-	(5,000)	-	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	148,862	(5,000)	-	204,742	-	-	348,604
NET CHANGE IN FUND BALANCES	37,376	60,853	(2,304)	-	307	2,361	98,593
Fund balances, beginning of year	127,472	161,856	4,253	668	5,805	13,444	313,498
Fund balances, end of year	\$ 164,848	\$ 222,709	\$ 1,949	\$ 668	\$ 6,112	\$ 15,805	\$ 412,091

**CITY OF ST. JOHNS
LOCAL STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 289,250	\$ 289,250	\$ 286,017	\$ (3,233)
Investment earnings	-	-	9	9
Other	1,000	1,000	1,117	117
TOTAL REVENUES	290,250	290,250	287,143	(3,107)
EXPENDITURES				
Current				
Public works				
Street maintenance	816,004	919,663	325,834	593,829
Traffic service maintenance	26,317	31,317	9,300	22,017
Winter maintenance	36,000	36,000	30,545	5,455
Administrative	39,532	39,532	32,950	6,582
TOTAL EXPENDITURES	917,853	1,026,512	398,629	627,883
EXCESS OF REVENUES (UNDER) EXPENDITURES	(627,603)	(736,262)	(111,486)	(630,990)
OTHER FINANCING SOURCES				
Transfers in	630,000	630,000	148,862	(481,138)
NET CHANGE IN FUND BALANCE	2,397	(106,262)	37,376	143,638
Fund balance, beginning of year	127,472	127,472	127,472	-
Fund balance, end of year	<u>\$ 129,869</u>	<u>\$ 21,210</u>	<u>\$ 164,848</u>	<u>\$ 143,638</u>

**CITY OF ST. JOHNS
GARBAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 155,915	\$ 155,915	\$ 155,623	\$ (292)
Intergovernmental	2,000	2,000	7,418	5,418
Charges for services	574,910	574,910	576,835	1,925
Investment earnings	-	-	655	655
Other	1,000	1,000	1,604	604
	<u>733,825</u>	<u>733,825</u>	<u>742,135</u>	<u>8,310</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public works	<u>705,787</u>	<u>752,537</u>	<u>676,282</u>	<u>76,255</u>
	<u>28,038</u>	<u>(18,712)</u>	<u>65,853</u>	<u>(67,945)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
OTHER FINANCING (USES)				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	23,038	(23,712)	60,853	84,565
Fund balance, beginning of year	<u>161,856</u>	<u>161,856</u>	<u>161,856</u>	<u>-</u>
Fund balance, end of year	<u>\$ 184,894</u>	<u>\$ 138,144</u>	<u>\$ 222,709</u>	<u>\$ 84,565</u>

**CITY OF ST. JOHNS
DRUG LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
EXPENDITURES				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>(2,309)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(2,304)</u>	<u>(2,304)</u>
Fund balance, beginning of year	<u>4,253</u>	<u>4,253</u>	<u>4,253</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,253</u></u>	<u><u>\$ 4,253</u></u>	<u><u>\$ 1,949</u></u>	<u><u>\$ (2,304)</u></u>

**CITY OF ST. JOHNS
CAPITAL IMPROVEMENT BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Debt service				
Principal	199,000	199,000	199,000	-
Interest	<u>5,742</u>	<u>5,742</u>	<u>5,742</u>	<u>-</u>
TOTAL EXPENDITURES	<u>204,742</u>	<u>204,742</u>	<u>204,742</u>	<u>-</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(204,742)</u>	<u>(204,742)</u>	<u>(204,742)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in	<u>204,742</u>	<u>204,742</u>	<u>204,742</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>668</u>	<u>668</u>	<u>668</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 668</u></u>	<u><u>\$ 668</u></u>	<u><u>\$ 668</u></u>	<u><u>\$ -</u></u>

**CITY OF ST. JOHNS
FANTASY FOREST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ -	\$ -	\$ 7	\$ 7
Other	-	-	300	300
TOTAL REVENUES	-	-	307	307
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	307	307
Fund balance, beginning of year	5,805	5,805	5,805	-
Fund balance, end of year	<u>\$ 5,805</u>	<u>\$ 5,805</u>	<u>\$ 6,112</u>	<u>\$ 307</u>

**CITY OF ST. JOHNS
 REVOLVING SPECIAL ASSESSMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Special assessments	\$ 2,000	\$ 2,000	\$ 2,343	\$ 343
Investment earnings	-	-	18	18
TOTAL REVENUES	<u>2,000</u>	<u>2,000</u>	<u>2,361</u>	<u>361</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,000	2,000	2,361	361
Fund balance, beginning of year	<u>13,444</u>	<u>13,444</u>	<u>13,444</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,444</u>	<u>\$ 15,444</u>	<u>\$ 15,805</u>	<u>\$ 361</u>

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 BALANCE SHEETS
 JUNE 30, 2023**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
ASSETS				
Cash and cash equivalents	\$ 89,827	\$ 19,760	\$ 504,425	\$ 614,012
LIABILITIES				
Accounts payable	\$ -	\$ 538	\$ 1,640	\$ 2,178
Due to other governmental units	-	13	-	13
TOTAL LIABILITIES	-	551	1,640	2,191
FUND BALANCES				
Unassigned	89,827	19,209	502,785	611,821
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,827	\$ 19,760	\$ 504,425	\$ 614,012

Note: Reconciliations of the balance sheet to the statement of net position for the component units are not required as the fund balances were equal to the net position as of June 30, 2023.

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2023**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
REVENUES				
Taxes	\$ 64,793	\$ -	\$ 154,812	\$ 219,605
Intergovernmental	700	26,500	-	27,200
Investment earnings	102	245	569	916
Other	-	75,295	-	75,295
	<u>65,595</u>	<u>102,040</u>	<u>155,381</u>	<u>323,016</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Community and economic development	<u>25,390</u>	<u>87,211</u>	<u>68,984</u>	<u>181,585</u>
	40,205	14,829	86,397	141,431
NET CHANGE IN FUND BALANCES				
Fund balances, beginning of year	<u>49,622</u>	<u>4,380</u>	<u>416,388</u>	<u>470,390</u>
Fund balances, end of year	<u><u>\$ 89,827</u></u>	<u><u>\$ 19,209</u></u>	<u><u>\$ 502,785</u></u>	<u><u>\$ 611,821</u></u>

Note: Reconciliations of the statement of revenues, expenditures, and changes in fund balances to the statement of activities for the component units are not required as the net changes in fund balances were equal to the changes in net position for the year ended June 30, 2023.

STATISTICAL SECTION

CITY OF ST. JOHNS
STATISTICAL INFORMATION AND CONTINUING DISCLOSURE INDEX

This part of the City of St. Johns' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	91-97
These schedules contain trend information to help the reader understand how the City's financial performance has changed.	
<u>Revenue Capacity</u>	98-101
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	102-106
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	107-108
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	109-111
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CITY OF ST. JOHNS
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment										
in capital assets	\$ 5,528,294	\$ 6,713,405	\$ 8,036,749	\$ 8,517,535	\$ 9,347,297	\$ 10,113,212	\$ 10,883,269	\$ 12,162,680	\$ 12,952,539	\$ 13,065,689
Restricted	1,448,811	1,243,761	731,998	689,664	866,424	1,040,645	1,145,645	732,107	847,922	957,002
Unrestricted (deficit)	1,858,441	(3,222,810)	(3,533,847)	(3,894,379)	(3,442,469)	(3,206,153)	(2,884,923)	(2,120,565)	(1,436,353)	(905,157)
Total governmental activities net position	<u>\$ 8,835,546</u>	<u>\$ 4,734,356</u>	<u>\$ 5,234,900</u>	<u>\$ 5,312,820</u>	<u>\$ 6,771,252</u>	<u>\$ 7,947,704</u>	<u>\$ 9,143,991</u>	<u>\$ 10,774,222</u>	<u>\$ 12,364,108</u>	<u>\$ 13,117,534</u>
Business-type activities										
Net investment										
in capital assets	\$ 5,100,038	\$ 5,443,887	\$ 5,383,065	\$ 5,167,990	\$ 4,909,221	\$ 4,874,133	\$ 4,272,845	\$ 4,937,040	\$ 4,805,158	\$ 5,515,516
Restricted	1,241,700	1,267,273	1,273,055	1,495,705	1,297,632	1,099,042	1,166,811	1,173,176	918,621	1,196,056
Unrestricted (deficit)	2,909,945	(316,146)	(853,900)	(1,267,218)	(623,091)	(627,322)	77,476	376,007	1,667,794	1,631,947
Total business-type activities net position	<u>\$ 9,251,683</u>	<u>\$ 6,395,014</u>	<u>\$ 5,802,220</u>	<u>\$ 5,396,477</u>	<u>\$ 5,583,762</u>	<u>\$ 5,345,853</u>	<u>\$ 5,517,132</u>	<u>\$ 6,486,223</u>	<u>\$ 7,391,573</u>	<u>\$ 8,343,519</u>
Primary government										
Net investment										
in capital assets	\$ 10,628,332	\$ 12,157,292	\$ 13,419,814	\$ 13,685,525	\$ 14,256,518	\$ 14,987,345	\$ 15,156,114	\$ 17,099,720	\$ 17,757,697	\$ 18,581,205
Restricted	2,690,511	2,511,034	2,005,053	2,185,369	2,164,056	2,139,687	2,312,456	1,905,283	1,766,543	2,153,058
Unrestricted	4,768,386	(3,538,956)	(4,387,747)	(5,161,597)	(4,065,560)	(3,833,475)	(2,807,447)	(1,744,558)	231,441	726,790
Total primary government net position	<u>\$ 18,087,229</u>	<u>\$ 11,129,370</u>	<u>\$ 11,037,120</u>	<u>\$ 10,709,297</u>	<u>\$ 12,355,014</u>	<u>\$ 13,293,557</u>	<u>\$ 14,661,123</u>	<u>\$ 17,260,445</u>	<u>\$ 19,755,681</u>	<u>\$ 21,461,053</u>

Source: City of St. Johns Basic Financial Statements.

Note: The City implemented GASB Statement No. 68 during fiscal year 2015.

Note: The City implemented GASB Statement No. 87 during fiscal year 2022.

**CITY OF ST. JOHNS
CHANGE IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
EXPENSES										
Governmental activities										
General government	\$ 1,513,387	\$ 1,215,504	\$ 1,640,111	\$ 1,626,729	\$ 1,370,917	\$ 1,849,522	\$ 2,091,111	\$ 1,700,922	\$ 1,486,890	\$ 1,996,375
Public safety	1,405,036	1,465,663	1,734,544	1,777,613	1,367,562	1,324,342	1,557,120	1,732,836	1,853,281	2,073,002
Public works	2,067,006	1,987,632	2,137,325	2,103,309	1,972,143	2,142,768	2,241,780	2,229,720	2,604,215	2,392,896
Health and welfare	19,663	23,595	39,608	54,630	33,743	54,758	55,428	47,190	47,802	140,382
Recreation and culture	633,608	909,829	772,324	748,442	319,239	458,453	380,473	347,816	352,623	397,141
Interest on long-term debt	126,170	101,805	82,107	67,377	78,603	5,728	22,759	21,616	15,908	11,303
Total governmental activities expenses	<u>5,764,870</u>	<u>5,704,028</u>	<u>6,406,019</u>	<u>6,378,100</u>	<u>5,142,207</u>	<u>5,835,571</u>	<u>6,348,671</u>	<u>6,080,100</u>	<u>6,360,719</u>	<u>7,011,099</u>
Business-type activities										
Water and sewer	<u>3,775,216</u>	<u>3,784,439</u>	<u>4,059,601</u>	<u>4,219,907</u>	<u>3,680,513</u>	<u>4,367,430</u>	<u>4,233,135</u>	<u>4,373,400</u>	<u>4,860,679</u>	<u>4,981,796</u>
Total primary government expenses	<u>\$ 9,540,086</u>	<u>\$ 9,488,467</u>	<u>\$ 10,465,620</u>	<u>\$ 10,598,007</u>	<u>\$ 8,822,720</u>	<u>\$ 10,203,001</u>	<u>\$ 10,581,806</u>	<u>\$ 10,453,500</u>	<u>\$ 11,221,398</u>	<u>\$ 11,992,895</u>

**CITY OF ST. JOHNS
CHANGE IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PROGRAM REVENUE										
Governmental activities										
Charges for services										
General government	\$ 248,790	\$ 249,347	\$ 181,187	\$ 186,006	\$ 222,210	\$ 261,934	\$ 245,849	\$ 250,597	\$ 258,805	\$ 146,815
Public safety	64,999	77,899	101,458	92,218	122,208	120,259	117,009	119,999	115,443	147,527
Public works	1,285,494	1,319,356	1,354,647	1,372,273	1,026,859	1,310,660	1,300,070	1,290,936	1,323,900	1,482,850
Health and welfare	83,358	83,410	87,554	46,781	49,593	-	-	-	-	-
Recreation and culture	-	-	-	-	-	25,330	19,453	8,086	63,786	109,870
Operating grants and contributions	941,965	1,035,542	981,267	892,971	1,284,404	1,609,373	2,022,365	1,912,311	1,420,480	1,335,241
Capital grants and contributions	-	-	432,819	40,946	62,392	-	-	-	-	-
Total governmental activities program revenues	2,624,606	2,765,554	3,138,932	2,631,195	2,767,666	3,327,556	3,704,746	3,581,929	3,182,414	3,222,303
Business-type activities										
Charges for services										
Water and sewer	3,400,952	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692	5,856,833
Capital grants and contributions	44,918	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	3,445,870	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692	5,856,833
Total primary government program revenues	6,070,476	6,132,670	6,630,376	6,356,249	6,593,036	7,314,725	7,982,212	8,876,512	8,885,106	9,079,136
NET (EXPENSES) REVENUE										
Governmental activities	(3,140,264)	(2,938,474)	(3,267,087)	(3,746,905)	(2,374,541)	(2,508,015)	(2,643,925)	(2,498,171)	(3,178,305)	(3,788,796)
Business-type activities	(329,346)	(417,323)	(568,157)	(494,853)	144,857	(380,261)	44,331	921,183	842,013	875,037
Total primary government net (expense) revenue	\$ (3,469,610)	\$ (3,355,797)	\$ (3,835,244)	\$ (4,241,758)	\$ (2,229,684)	\$ (2,888,276)	\$ (2,599,594)	\$ (1,576,988)	\$ (2,336,292)	\$ (2,913,759)

continued

CITY OF ST. JOHNS
CHANGE IN NET POSITION (UNAUDITED) (CONCLUDED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
GENERAL REVENUES										
Governmental activities										
Taxes	\$ 2,185,855	\$ 2,962,510	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,720,724	\$ 2,980,885	\$ 3,127,224	\$ 3,322,052	\$ 3,485,501
State shared revenue	683,247	695,460	694,890	725,154	751,862	781,138	764,376	872,877	940,573	946,648
Investment earnings (loss)	2,563	2,117	2,929	5,320	8,867	11,640	24,674	12,946	(1,330)	6,094
Gain on sale of capital assets	-	-	-	-	-	122,471	23,300	57,700	31,100	(21,138)
Other	164,217	197,891	193,325	265,877	166,859	21,331	19,574	30,052	97,003	98,194
Special item - disposal of operations	-	-	(402,417)	-	-	-	-	-	-	-
Transfers	28,259	28,259	28,259	28,259	22,442	27,163	27,403	27,603	26,763	26,923
Total governmental activities general revenues	<u>3,064,141</u>	<u>3,886,237</u>	<u>3,496,371</u>	<u>3,824,825</u>	<u>3,832,973</u>	<u>3,684,467</u>	<u>3,840,212</u>	<u>4,128,402</u>	<u>4,416,161</u>	<u>4,542,222</u>
Business-type activities										
Investment earnings (loss)	1,850	1,552	3,885	9,101	11,515	20,754	18,836	5,023	2,051	18,411
Gain on sale of capital assets	-	-	-	-	-	3,000	15,000	-	-	-
Other	56,849	74,158	88,716	108,268	53,355	145,761	120,515	70,488	88,049	85,421
Transfers	(28,259)	(28,259)	(28,259)	(28,259)	(22,442)	(27,163)	(27,403)	(27,603)	(26,763)	(26,923)
Total business-type activities general revenues	<u>30,440</u>	<u>47,451</u>	<u>64,342</u>	<u>89,110</u>	<u>42,428</u>	<u>142,352</u>	<u>126,948</u>	<u>47,908</u>	<u>63,337</u>	<u>76,909</u>
Total primary government general revenues	<u>3,094,581</u>	<u>3,933,688</u>	<u>3,560,713</u>	<u>3,913,935</u>	<u>3,875,401</u>	<u>3,826,819</u>	<u>3,967,160</u>	<u>4,176,310</u>	<u>4,479,498</u>	<u>4,619,131</u>
Change in Net Position										
Governmental activities	(76,123)	947,763	229,284	77,920	1,458,432	1,176,452	1,196,287	1,630,231	1,237,856	753,426
Business-type activities	(298,906)	(369,872)	(503,815)	(405,743)	187,285	(237,909)	171,279	969,091	905,350	951,946
Total primary government	<u>\$ (375,029)</u>	<u>\$ 577,891</u>	<u>\$ (274,531)</u>	<u>\$ (327,823)</u>	<u>\$ 1,645,717</u>	<u>\$ 938,543</u>	<u>\$ 1,367,566</u>	<u>\$ 2,599,322</u>	<u>\$ 2,143,206</u>	<u>\$ 1,705,372</u>

Source: City of St. Johns Line Basic Financial Statements.

CITY OF ST. JOHNS
FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 32,741	\$ 75,240	\$ 36,101	\$ 87,790	\$ 32,020	\$ 60,962	\$ 80,501	\$ 87,558	\$ 132,897	\$ 62,831
Assigned	1,000,000	1,000,000	1,000,000	866,000	-	-	-	-	1,465,524	1,468,524
Unassigned	<u>1,042,160</u>	<u>1,110,725</u>	<u>1,214,733</u>	<u>1,248,570</u>	<u>1,980,769</u>	<u>2,175,033</u>	<u>2,258,089</u>	<u>2,777,449</u>	<u>1,356,415</u>	<u>1,154,350</u>
Total General Fund	<u>\$ 2,074,901</u>	<u>\$ 2,185,965</u>	<u>\$ 2,250,834</u>	<u>\$ 2,202,360</u>	<u>\$ 2,012,789</u>	<u>\$ 2,235,995</u>	<u>\$ 2,338,590</u>	<u>\$ 2,865,007</u>	<u>\$ 2,954,836</u>	<u>\$ 2,685,705</u>
All other governmental funds										
Nonspendable	\$ 4,388	\$ 3,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,492,147	1,274,773	731,998	689,664	866,424	1,041,313	1,146,313	722,900	848,590	957,670
Assigned	42,500	53,529	-	-	-	-	-	-	-	-
Unassigned (deficit)	<u>(181,764)</u>	<u>(220,947)</u>	<u>(275,718)</u>	<u>(412,408)</u>	<u>(125,297)</u>	<u>(363,422)</u>	<u>-</u>	<u>(90,486)</u>	<u>(530,155)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,357,271</u>	<u>\$ 1,110,992</u>	<u>\$ 456,280</u>	<u>\$ 277,256</u>	<u>\$ 741,127</u>	<u>\$ 677,891</u>	<u>\$ 1,146,313</u>	<u>\$ 632,414</u>	<u>\$ 318,435</u>	<u>\$ 957,670</u>

Source: City of St. Johns Basic Financial Statements

**CITY OF ST. JOHNS
CHANGES IN FUND BALANCES (UNAUDITED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Taxes	\$ 2,225,155	\$ 3,001,810	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,745,039	\$ 2,982,861	\$ 3,129,199	\$ 3,322,052	\$ 3,485,501
Special assessments	-	-	-	-	-	-	-	-	2,435	2,343
Licenses and permits	117,345	117,171	16,481	18,362	22,770	141,560	128,189	134,463	127,903	114,861
Intergovernmental	1,526,236	1,634,860	1,733,976	1,659,071	2,086,068	1,970,801	2,538,308	2,235,056	2,241,418	2,274,704
Charges for services	1,508,850	1,534,362	1,545,567	1,585,772	1,495,230	1,519,899	1,505,251	1,483,874	1,545,834	1,708,802
Fines and forfeits	35,059	33,629	40,955	34,392	25,939	25,629	19,546	22,504	30,554	20,765
Interest and rents	22,863	23,912	25,627	28,872	33,977	34,264	48,513	31,905	18,165	29,107
Other revenue	263,193	294,033	256,078	302,710	215,644	441,041	268,007	122,042	142,456	124,632
TOTAL REVENUES	5,698,701	6,639,777	6,598,069	6,429,394	6,762,571	6,878,233	7,490,675	7,159,043	7,430,817	7,760,715
EXEPNDITURES										
General government	1,431,133	1,306,690	1,352,896	1,410,140	1,518,998	1,593,261	1,571,587	1,622,160	1,531,884	1,739,438
Public safety	1,379,660	1,433,635	1,518,968	1,656,139	1,595,507	1,684,724	1,778,214	1,863,571	1,998,754	2,161,036
Public works	1,516,231	1,522,377	1,572,503	1,519,479	1,468,507	2,587,201	2,677,921	3,129,696	2,916,832	2,122,734
Health and welfare	19,663	23,595	40,284	54,630	33,743	54,758	55,428	47,190	47,802	53,886
Recreation and culture	577,225	833,274	655,916	281,026	293,499	401,712	308,998	290,636	618,917	382,566
Capital outlay	353,110	1,150,794	1,321,621	1,327,672	1,232,138	158,788	335,382	95,820	332,095	1,180,163
Debt service										
Principal	399,363	425,109	340,872	361,653	1,415,453	345,270	202,453	194,360	194,000	199,000
Interest	123,086	107,777	89,847	74,412	68,910	25,874	17,078	13,395	9,613	5,742
TOTAL EXPENDITURES	5,799,471	6,803,251	6,892,907	6,685,151	7,626,755	6,851,588	6,947,061	7,256,828	7,649,897	7,844,565
Excess of revenues over (under) expenditures	<u>\$ (100,770)</u>	<u>\$ (163,474)</u>	<u>\$ (294,838)</u>	<u>\$ (255,757)</u>	<u>\$ (864,184)</u>	<u>\$ 26,645</u>	<u>\$ 543,614</u>	<u>\$ (97,785)</u>	<u>\$ (219,080)</u>	<u>\$ (83,850)</u>

continued

CITY OF ST. JOHNS
CHANGES IN FUND BALANCES (UNAUDITED) (CONCLUDED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other financing sources (uses)										
Proceeds from issuance of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ 1,116,042	\$ -	\$ -	\$ -	\$ -	\$ 655,864
Proceeds from sale of capital assets	-	-	-	-	-	106,162	-	82,700	-	-
Transfers in	455,013	426,921	546,216	328,624	326,633	1,254,832	335,782	1,267,448	1,379,435	493,039
Transfers out	(426,754)	(398,662)	(517,957)	(300,365)	(304,191)	(1,227,669)	(308,379)	(1,239,845)	(1,384,505)	(694,949)
Total other financing sources (uses)	28,259	28,259	28,259	28,259	1,138,484	133,325	27,403	110,303	(5,070)	453,954
Special item - disposal of operations	-	-	(323,264)	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ (72,511)</u>	<u>\$ (135,215)</u>	<u>\$ (266,579)</u>	<u>\$ (227,498)</u>	<u>\$ 274,300</u>	<u>\$ 159,970</u>	<u>\$ 571,017</u>	<u>\$ 12,518</u>	<u>\$ (224,150)</u>	<u>\$ 370,104</u>
Debt services as a percentage of noncapital expenditures	9.59%	9.43%	7.73%	8.14%	23.21%	5.55%	3.32%	2.90%	3.24%	3.23%

Source: City of St. Johns Basic Financial Statements

CITY OF ST. JOHNS
ASSESSED TAXABLE VALUES (HISTORY OF PROPERTY VALUES) (UNAUDITED)
LAST TEN FISCAL YEARS

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Developmental	Personal	Special Act Parcels	Total	Direct Tax Rate (mills) ⁽¹⁾	Total SEV	Taxable Value as a Percentage of SEV
2013	2014	\$ 130,806,543	\$ 44,727,741	\$ 4,561,030	\$ 340,132	\$ 17,360,000	\$ 3,915,000	\$ 201,710,446	11.1732	\$ 210,046,200	96.0%
2014	2015	131,636,561	43,814,183	4,254,867	325,085	14,454,400	4,742,800	199,227,896	15.1775	207,224,500	96.1%
2015	2016	130,490,412	42,824,938	4,248,343	296,801	15,299,600	4,107,079	197,267,173	15.1763	212,672,100	92.8%
2016	2017	133,344,131	44,042,207	3,623,843	-	14,746,700	3,271,398	199,028,279	14.6812	219,714,225	90.6%
2017	2018	136,584,114	45,544,434	3,629,201	-	13,540,615	2,973,906	202,272,270	14.1848	236,081,315	85.7%
2018	2019	141,317,631	47,058,207	3,615,563	-	13,023,600	2,852,651	207,867,652	13.1776	249,636,600	83.3%
2019	2020	146,649,825	49,566,861	4,622,968	-	15,549,400	2,364,912	218,753,966	13.6569	261,540,900	83.6%
2020	2021	152,141,851	53,772,840	4,432,942	-	16,890,600	10,568,547	237,806,780	13.5967	284,380,600	83.6%
2021	2022	157,181,103	56,373,307	4,481,423	-	18,993,800	19,807,690	256,837,323	13.6568	310,251,500	82.8%
2022	2023	165,377,442	61,922,499	6,492,964	-	20,279,600	20,713,012	274,785,517	13.5189	330,941,600	83.0%

Source: Clinton County Equalization Department Report

Note: Tax rates are per \$1,000 of taxable value

(1) Total direct tax rate includes voter approved 4.0000 mills dedicated to local streets scheduled from the 2014 through 2017 tax levy years. A voter approved 3.0000 mills dedicated to local streets for the 2018 through 2027 tax levy years.

**CITY OF ST. JOHNS
PROPERTY TAX RATES - DIRECT AND
OVERLAPPING GOVERNMENTS (UNAUDITED)
(PER \$1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

Tax Year	City of St. Johns						St. Johns Public Schools ⁽⁵⁾	Clinton County	Clinton County Regional Educational Service Agency	Clinton Transit	State Education Tax	District Library	Total
	General ⁽¹⁾	Economic Development ⁽²⁾	Garbage ⁽³⁾	Library	Streets ⁽⁴⁾	Total							
2013	9.4360	0.2527	0.5000	0.9845	0.0000	11.1732	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9347
2014	9.4360	0.2570	0.5000	0.9845	4.0000	15.1775	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9390
2015	9.4360	0.2558	0.5000	0.9845	4.0000	15.1763	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9378
2016	9.4360	0.2530	0.5000	0.4922	4.0000	14.6812	7.0000	5.7953	3.7615	0.1998	6.0000	0.7500	38.1878
2017	9.4360	0.2488	0.5000	0.0000	4.0000	14.1848	7.0000	5.7877	3.7520	0.1998	6.0000	0.7500	37.6743
2018	9.4360	0.2416	0.5000	0.0000	3.0000	13.1776	7.0000	5.7877	3.7482	0.1998	6.0000	0.7500	36.6633
2019	9.9430	0.2310	0.5000	0.0000	2.9829	13.6569	7.0000	5.7976	3.8154	0.1996	6.0000	0.7494	37.2189
2020	9.9052	0.2200	0.5000	0.0000	2.9715	13.5967	7.0000	5.7961	3.7967	0.1984	6.0000	0.7476	37.1355
2021	9.9810	0.2100	0.5000	0.0000	2.9658	13.6568	7.0000	6.5284	3.7762	0.6963	6.0000	0.7459	38.4036
2022	9.8103	0.1936	0.6000	0.0000	2.9150	13.5189	7.0000	6.5573	3.7497	0.6924	6.0000	0.7401	38.2584

Source: Tax warrants issued by City Assessor

Note: Tax rates are per \$1,000 of taxable value

(1) By charter, the City of St. Johns can levy up to 10 mills. Tax rates above represent a Headlee Rollback.

(2) Michigan ACT 359 limits the amount collected for economic development to \$50,000. The millage rate is adjusted to come as close to this amount as possible.

(3) In addition to the garbage mills, each residential dwelling unit is charged \$140-\$215 for annual trash service.

(4) City of St. Johns voters approved 4.0000 mills dedicated to streets from the 2014 through 2017 tax years. City of St. Johns voters approved a renewed millage dedicated to streets at 3.0000 mills from 2018 through 2022 tax years. 2019 - 2022 were reduced due to a Headlee rollback.

(5) St. Johns Public Schools' rate indicated homestead millage. For non-homestead, add 18.0000 mills.

**CITY OF ST. JOHNS
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO**

Company Name	Year Ended June 30, 2023			Year Ended June 30, 2014		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Consumers Energy	\$ 8,831,475	1	3.21	\$ 2,724,422	5	1.35
Save-A-Lot	6,291,600	2	2.29	6,603,300	1	3.27
ITC	6,129,270	3	2.23	-		-
Mahle	3,655,074	4	1.33	5,438,900	2	2.70
Loan Oak - St. Johns LLC	3,303,808	5	1.20	2,911,100	4	1.44
1035 S US 27 LLC	2,323,117	6	0.85	-		-
Glick Suntree LLC	2,263,222	7	0.82	2,394,600	6	1.19
Clinton Commons	1,774,265	8	0.65	1,437,600	9	0.71
Michigan Electronic Transmission	1,726,600	9	0.63	-		-
Young Family Real Estate LLC	1,699,160	10	0.62	-		-
Allied Ring Co.	-		-	3,012,700	3	1.49
Barnard Manufacturing	-		-	1,933,600	7	0.96
Harry's St. Johns LLC	-		-	1,872,600	8	0.93
CCS/Lansing Inc	-		-	1,173,700	10	0.58
	37,997,591		13.83	29,502,522		14.62
	<u>236,787,926</u>			<u>172,207,924</u>		
Total taxable value	<u>\$ 274,785,517</u>			<u>\$ 201,710,446</u>		

Source: City assessors office and 2014 financial statements

**CITY OF ST. JOHNS
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,							Amount Collected in Fiscal Year of Levy		Amount Collected in	Subsequent Years/Received from County ⁽²⁾	Total Tax Collections	Percent Collected
	General	Economic Development	Garbage	Library	Streets	Total Tax Levy ⁽¹⁾	Amount	Percentage				
2014	\$ 1,866,384	\$ 49,967	\$ 98,894	\$ 194,714	\$ -	\$ 2,209,959	\$ 2,203,855	99.72%	\$ -	\$ 2,203,855	99.72%	
2015	1,835,148	49,968	97,238	191,456	777,936	2,951,746	2,844,685	96.37%	107,051	2,951,736	100.00%	
2016	1,822,644	49,395	96,573	190,151	772,634	2,931,397	2,858,694	97.52%	70,139	2,928,833	99.91%	
2017	1,834,749	49,179	97,209	95,689	777,762	2,854,588	2,783,754	97.52%	70,835	2,854,589	100.00%	
2018	1,880,565	49,570	99,637	-	797,183	2,826,955	2,778,227	98.28%	45,994	2,824,221	99.90%	
2019	1,929,475	49,388	102,241	-	613,434	2,694,538	2,642,437	98.07%	51,909	2,694,346	99.99%	
2020	2,153,826	50,024	108,297	-	646,137	2,958,284	2,905,278	98.21%	46,970	2,952,248	99.80%	
2021	2,237,506	47,934	112,935	-	671,228	3,069,603	2,963,603	96.55%	98,560	3,062,163	99.76%	
2022	2,374,130	49,937	178,386	-	705,449	3,307,902	3,261,250	98.59%	37,652	3,298,902	99.73%	
2023	2,513,396	49,585	153,708	-	746,812	3,463,501	3,354,644	96.86%	107,215	3,461,859	99.95%	

Source: City of St. Johns and Assessor's Warrant

(1) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.

(2) Clinton County pays the City of St. Johns the full amount of the delinquent real property taxes upon settlement in March of each year.

CITY OF ST. JOHNS
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Population	Taxable Value of Property	Governmental Activities		Business-Type Activities		Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita
			General Obligation Bonds	Notes and Loans	Revenue Bonds	Notes and Loans			
2014	7,865 ⁽²⁾	\$ 201,710,446	\$ 2,420,000	\$ 346,278	\$ 11,321,566	\$ 47,692	\$ 14,135,536	7.01%	\$ 1,797.27
2015	7,865 ⁽²⁾	199,227,896	2,045,000	269,466	10,794,132	40,061	13,148,659	6.60%	1,671.79
2016	7,865 ⁽²⁾	197,267,173	1,755,000	571,067	10,241,697	32,430	12,600,194	6.39%	1,602.06
2017	7,865 ⁽²⁾	199,028,279	1,445,000	483,601	9,910,000	24,797	11,863,398	5.96%	1,508.38
2018	7,865 ⁽²⁾	202,272,270	1,201,000	410,509	9,265,000	17,168	10,893,677	5.39%	1,385.08
2019	7,865 ⁽²⁾	207,867,652	909,000	335,949	8,765,000	9,537	10,019,486	4.82%	1,273.93
2020	7,865 ⁽²⁾	218,753,966	724,000	546,136	11,380,000	382,988	13,033,124	5.96%	1,657.10
2021	7,698 ⁽³⁾	237,806,780	534,000	691,551	10,745,000	348,129	12,318,680	5.18%	1,600.24
2022	7,698 ⁽³⁾	256,837,323	340,000	590,712	10,090,000	314,126	11,334,838	4.41%	1,472.44
2023	7,698 ⁽³⁾	274,785,517	141,000	1,142,526	9,415,000	279,043	10,977,569	3.99%	1,426.03

Source: City of St. Johns Basic Financial Statements; 2010 Census report and Assessor's equalization reports

(1) Debt as a percentage of personal income is not reflected in this schedule because personal income data specifically for the City of St. Johns is not readily available. Personal income data for the Lansing-East Lansing metropolitan area is presented in another Table.

(2) Source: 2010 Census report

(3) Source: 2020 Census report

CITY OF ST. JOHNS
RATIO OF NET GENERAL BONDED DEBT OUSTANDING (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Taxable Value of Property⁽⁶⁾</u>	<u>General Obligation Bonds⁽¹⁾⁽²⁾</u>	<u>Bonded Debt Service Funds Available⁽¹⁾⁽³⁾</u>	<u>Net General Bonded Debt</u>	<u>Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2014	7,865 ⁽⁴⁾	\$ 201,710,446	\$ 2,420,000	\$ 140,106	\$ 2,279,894	1.13%	\$ 290
2015	7,865 ⁽⁴⁾	199,227,896	2,045,000	85,205	1,959,795	0.98%	249
2016	7,865 ⁽⁴⁾	197,267,173	1,755,000	84,546	1,670,454	0.85%	212
2017	7,865 ⁽⁴⁾	199,028,279	1,445,000	-	5,709,902	2.87%	726
2018	7,865 ⁽⁴⁾	202,272,270	1,201,000	-	1,201,000	0.59%	153
2019	7,865 ⁽⁴⁾	207,867,652	909,000	-	909,000	0.44%	116
2020	7,865 ⁽⁴⁾	218,753,966	724,000	-	724,000	0.33%	92
2021	7,698 ⁽⁵⁾	237,806,780	534,000	-	534,000	0.22%	69
2022	7,698 ⁽⁵⁾	256,837,323	340,000	-	340,000	0.13%	44
2023	7,698 ⁽⁵⁾	274,785,517	141,000	-	141,000	0.05%	18

(1) Source: City of St. Johns Basic financial Statements

(2) Amount does not include special assessment debt

(3) Amount does not include funds available for retirement of special assessment debt.

(4) Source: 2010 Census report

(5) Source: 2020 Census report

(6) Source: Clinton County equalization reports (includes amounts for Commercial Rehab & Industrial Facilities properties).

**CITY OF ST. JOHNS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
JUNE 30, 2023**

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percent Applicable ⁽²⁾	Direct and Estimated Overlapping Debt
St. Johns Public Schools	\$ 71,203,561	31.11%	\$ 22,151,428
Clinton County	<u>24,564,386</u>	7.54%	<u>1,852,155</u>
Total overlapping debt	95,767,947		24,003,583
City of St. Johns	<u>1,283,526</u>	100.00%	<u>1,283,526</u>
Total direct and overlapping direct	<u><u>\$ 97,051,473</u></u>		<u><u>\$ 25,287,109</u></u>

(1) Source: Municipal Advisory Council of Michigan. Overlapping Debt report.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF ST. JOHNS
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
JUNE 30, 2023**

Valuation for debt limit	
2023 state equalized value	<u><u>\$ 330,941,600</u></u>
Debt limit	
10% of state equalized value and equivalent	\$ 33,094,160
Debt applicable to debt limit	<u>1,562,569</u>
Legal debt margin	<u><u>\$ 31,531,591</u></u>
Source: Clinton County equalization report	

**CITY OF ST. JOHNS
HISTORICAL LEGAL DEBT MARGIN (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Ratio
2014	\$ 20,721,580	\$ 2,766,278	\$ 17,955,302	13.35%
2015	21,264,338	2,314,466	18,949,872	10.88%
2016	21,967,892	1,755,000	20,212,892	7.99%
2017	23,384,642	1,445,000	21,939,642	6.18%
2018	24,327,860	1,201,000	23,126,860	4.94%
2019	25,788,320	909,000	24,879,320	3.52%
2020	28,215,320	1,653,124	26,562,196	5.86%
2021	28,438,060	1,559,819	26,878,241	5.48%
2022	31,025,150	1,244,838	29,780,312	4.01%
2023	33,094,160	1,562,569	31,531,591	4.72%

Source: City of St. Johns Treasurer's office.

**CITY OF ST. JOHNS
DEMOGRAPHIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Per Capita Personal Income ⁽³⁾⁽⁴⁾	Per Capita Unemployment Rate ⁽⁵⁾
2014	7,865 ⁽¹⁾	\$ 288,323,035	\$ 36,659	5.9%
2015	7,865 ⁽¹⁾	297,792,495	37,863	4.3%
2016	7,865 ⁽¹⁾	299,955,370	38,138	4.5%
2017	7,865 ⁽¹⁾	315,764,020	40,148	4.0%
2018	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.8%
2019	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.7%
2020	7,865 ⁽¹⁾	339,594,970	43,178	9.5%
2021	7,698 ⁽²⁾	365,347,080	47,460	5.5%
2022	7,698 ⁽²⁾	421,850,400	54,800	5.3%
2023	7,698 ⁽²⁾	389,880,606	50,647	3.9%

(1) Source: 2010 Census Report

(2) Source: 2020 Census Report

(3) Source: Bureau of Economic Analysis: Regional Economic Accounts

(4) Source: Personal income per capita and unemployment rates are presented for the Lansing-East Lansing metropolitan area which includes the counties of Ingham, Eaton, and Clinton.

(5) Source: Bureau of Labor Statistics

(6) Source: Data for 2018 and 2019 is not readily available

**CITY OF ST. JOHNS
CONCENTRATION OF WORKFORCE (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO**

Industry	2023		2014	
	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce
Government	58,500	24.9%	61,500	27.7%
Trade, Transportation, and Utilities	36,400	15.5%	34,300	15.4%
Education and Health Services	31,600	13.4%	31,400	14.1%
Professional and Business Services	26,500	11.3%	21,800	9.8%
Manufacturing	22,100	9.4%	19,600	8.8%
Financial Activities	18,400	7.8%	14,100	6.3%
Leisure and Hospitality	17,700	7.5%	19,500	8.8%
Other Services	10,000	4.3%	10,600	4.8%
Construction and Mining	9,800	4.2%	6,200	2.8%
Information	4,000	1.7%	3,300	1.5%
Total	235,000	100.0%	222,300	100.0%

(1) Source: Michigan Bureau of Labor Market Information and Strategic Initiatives

(2) Number of jobs is presented for the Lansing-East Lansing metropolitan area which includes the counties Ingham, Eaton and Clinton.

CITY OF ST. JOHNS
FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Function	Full-time Employees as of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	8	8	8	8	7	7	7	8	8	8
Public safety ⁽¹⁾	11	11	12	12	11	11.0	11.5	12.5	13	10
Public works	22	22	21	19	18	18	18	17	18	18
Community and economic development	1	1	1	1	1	1	1	1	1	-
Recreation and culture	7	8	8	3	3	3	2	1	1	1
Total	49	50	50	43	40	40	39.5	39.5	41	37

Source: City of St. Johns Clerk's Office

(1) The City currently has two Police Union contracts: Supervisory Police Officers and Non-Supervisory Police Officers. Supervisory Police Officers covers two sergeants and the term is from 7/1/2022 to 6/30/2026. Non-Supervisory covers five police officers and the term is from 7/1/2022 to 6/30/2026.

**CITY OF ST. JOHNS
OPERATING INDICATORS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety ⁽¹⁾										
Physical arrests	329	272	316	296	242	203	159	145	145	73
Parking violations	1,086	962	893	951	822	717	581	721	931	901
Traffic violations	893	862	901	908	840	608	539	328	410	146
Emergency fire responses	114	93	109	126	167	166	222	215	206	257
Public works ⁽²⁾										
Street resurfacing (miles)	0.53	3.80	3.34	3.30	3.19	2.00	2.50	2.50	2.50	2.40
Number of water meters	3,321	3,252	3,262	3,317	3,334	3,342	3,342	3,342	3,421	3
Average daily water consumption (gallons)	657,000	658,000	588,000	713,000	725,000	725,000	725,000	725,000	728,000	1,660,000
Peak daily water consumption	1,393,000	1,120,000	1,015,000	1,410,000	1,611,800	1,600,000	1,600,000	1,600,000	1,700,000	2,140,000
Average daily sewage treatment	1,200,000	1,250,000	1,148,166	1,454,000	1,365,000	1,400,000	1,430,000	1,430,000	1,500,000	1,120,000
Recreation and culture ⁽³⁾										
Volumes in library collection	44,657	47,071	48,637	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Volumes borrowed from library	89,559	82,670	86,482	(3)	(3)	(3)	(3)	(3)	(3)	(3)

(1) Source: City of St. Johns Police and Fire Department annual reports

(2) Source: City of St. Johns Public Works Director and Community Development Director

(3) The Briggs District Library became a separate entity from the City of St. Johns in August 2016. Going forward, these statistics will no longer be reported in the City's financial statements.

**CITY OF ST. JOHNS
CAPITAL ASSETS STATISTICS BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety ⁽¹⁾										
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Public works ⁽²⁾										
Streets										
Streets (per lane miles)	87	87	87	87	89	89	89	89	89	89
Traffic signals	4	4	4	4	4	4	4	4	4	4
Water										
Mains (miles)	52	52	52	52	54	56	56	56	59	59
Fire hydrants	432	432	432	432	436	467	467	467	479	479
Storage capacity (gallons)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Sewer										
Sanitary sewers (miles)	43	43	43	43	43	43	43	43	44	44
Storm sewers (miles)	32	32	32	32	32	32	32	32	32	32
Treatment capacity (million gallons per day)	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Recreation and culture ⁽³⁾										
Parks (acres)	94	97	97	97	97	97	97	97	97	97
Playgrounds	6	6	6	6	6	6	6	6	6	6
Municipal splash pad	-	-	-	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	4
Softball diamonds	1	1	1	1	1	1	1	1	1	1

(1) Source: City of St. Johns Police and Fire annual reports

(2) Source: City of St. Johns Public Works Director

(3) Source: City of St. Johns Recreation Director



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

**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 Honorable Mayor and
Members of City Commission
City of St. Johns, 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 City of St. Johns, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of St. Johns' basic financial statements, and have issued our report thereon dated December 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Johns' internal control over financial reporting (internal control) as a basis for designing 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 City of St. Johns' internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Johns' internal control.

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

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

2023-001 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS

Condition: Critical duties in the areas of payroll, cash receipting, and cash disbursing are either not segregated or formal proof of controls are not in place. We also noted that there is no evidence of a secondary review documented on bank reconciliations and no documented review on journal entries.

2023-001 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS (concluded)

Criteria: The intent of internal control is to assure that no one individual is able to control all aspects of a transaction cycle (i.e., receipts, disbursements, payroll, reconciling bank accounts, access to general ledger, etc.) and the controls that are being utilized should be formally documented as proof of the control.

Cause: The City is limited in its staffing and has not segregated the duties of certain accounting functions.

Effect: There is a greater risk of general errors, losses, or misappropriation of assets that could occur and go undetected if duties and responsibilities are not appropriately arranged, separated, and documented as they are conducted.

Recommendation: We recommend that the City review various areas of operation and consider additional segregation of duties and the controls that are put in place should be formally documented in writing and retained for audit purposes. If duties cannot be adequately segregated due to the limited number of employees, we suggest that management consider other procedures to provide a greater review and supervision of employees.

Corrective Action Response: The City has hired an additional accountant to help adequately segregate duties. Management will continue to maintain a heightened awareness and continually review the internal controls over these areas.

Report on Compliance and Other Matters

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

City of St. Johns' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of St. Johns' response to the finding identified in our audit. The City of St. Johns' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Maney Costeiran PC

December 26, 2023