

City of
St. Johns,
Michigan



Year Ended
June 30, 2020

Comprehensive
Annual Financial
Report

Prepared by: Treasurer's Office

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CITY OF ST. JOHNS, MICHIGAN

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INTRODUCTORY SECTION

CITY OF ST. JOHNS, MICHIGAN

LIST OF OFFICIALS

For the Year Ended June 30, 2020

Eric Hufnagel
Mayor

Bob Craig
Vice Mayor

CITY COMMISSIONERS

Tamara Kirschenbauer

Heather Hanover

Jean Ruestman

ADMINISTRATIVE OFFICIALS

Jon Stoppels
City Manager

Kristina Kinde
City Treasurer

Eric Hufnagel
Mayor

Bob Craig
Vice Mayor

Heather R. Hanover
Commissioner

Jean Ruestman
Commissioner

Tamara Kirschenbauer
Commissioner



Jon Stoppels
City Manager

Dave J. Kudwa
Community Development

Mindy J. Seavey
City Clerk

Kristina Kinde
City Treasurer

John B. Salemi
City Attorney

Steven M. Martin
Director of Public Services

December 9, 2020

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of St. Johns (the City), Michigan for the fiscal year ended June 30, 2020 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 in the USA (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets state law requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control 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.

Rehmann Robson, independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2020. 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 complements this letter of transmittal and should be read in conjunction with it.

Profile

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.

*100 East State Street, P.O. Box 477, St. Johns, Michigan 48879-0477
(989) 224-8944 Fax (989) 224-2204
E-mail: csj@ci.saint-johns.mi.us*

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, park and recreational programs and facilities, and general administrative services. Internal services of the City include mobile equipment operations and maintenance.

St. Johns is located 18 miles north of downtown Lansing and is the county seat for Clinton County, Michigan. The City is located right off an interstate highway which provides quick access to other major Michigan cities. The City encompasses an area of approximately 4.02 square miles, has a population of approximately 7,900, and 43.74 miles of streets.

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. These discretely presented component units include the Downtown Development Authority (DDA), the Local Development Finance Authority (LDFA), and the Principal Shopping District (PSD). The DDA and PSD promote business development in the downtown area. The LDFA promotes business development in the industrial park located north 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.

Financial Condition

The General Fund is the government's primary operating fund. Over the past several years, the City has seen a steady increase in the total fund balance for the General Fund (see Table 3 in 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 3.3%. The city continues to see growth in our residential and manufacturing sectors. However, there has been significant growth in multi-family residential developments located in the central business district. Also, the development of two major dairy processing plants and non-downtown growth are very promising for the City's financial future. The global COVID-19 pandemic has resulted in far reaching economic and operating impacts during the fiscal year. These impacts are expected to carry forward for the near future, with the full magnitude still unknown.

Long-term Financial Planning

The City of St. Johns entered into a corrective action plan with the State of Michigan in 2018 to increase the funding of our defined benefit pension plan to be 60% funded by 2023. At that time, the plan was funded 45.7% and the City started making lump sum payments along with their required annual minimum payments and will continue to make these payments. Currently the City's defined benefit pension plan is funded at 54.8% and the City plans to meet the 60% funded status by 2023.

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 recently approved to restore the full amount (10 mills) of the original authorized charter millage rate. This is estimated to bring in approximately \$22,500.

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 \$2,338,590 which is approximately 51% of expenditures.

Major Initiatives

The City completed another year of street improvements funded by the dedicated street millage. Voters originally approved 4 mills for 4 years program in 2014. In November 2017, the residents approved a 3 mills for 5 years millage to continue needed street improvements. This has been a very successful program for the City, with 10 miles of streets completed. This project will improve an additional 10 miles of local streets. The City is also considering geographic information system-based asset management and mapping project to evaluate our existing water, sewer, and storm water infrastructure.

In 2018 Glanbia announced their plans for a \$470 million cheese plant along with an \$85 million adjacent facility belonging to Proliant Dairy Ingredients to be built in the City of St. Johns industrial park. The City worked with Glanbia and Proliant to approve an Agricultural Processing Renaissance Zone (APRZ) which is created to promote agricultural processing operations in the State of Michigan and to enhance the industry overall. During the current year, the City completed the Big Ditch Project related to the Glanbia development in which the ditch was relocated and retention basins were modified. In addition, as with most developments, municipal utilities including water, sanitary sewer and storm sewer, were extended throughout the property boundaries. The City also completed other large projects including the Walker Road improvements. On the west end of Walker Road the sanitary sewer project included all new sewer mains (installed) with the sections within the industrial park replaced with a gravity sewer system. This was initiated due to the existing pump station that was undersized for servicing the area.

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, 2019; 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.

Acknowledgements

The timely, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the Finance Department. We appreciate the time and talent of everyone who contributed to this document. The people who live or work in, or receive services from the City of St. Johns 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.

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

Respectfully submitted,

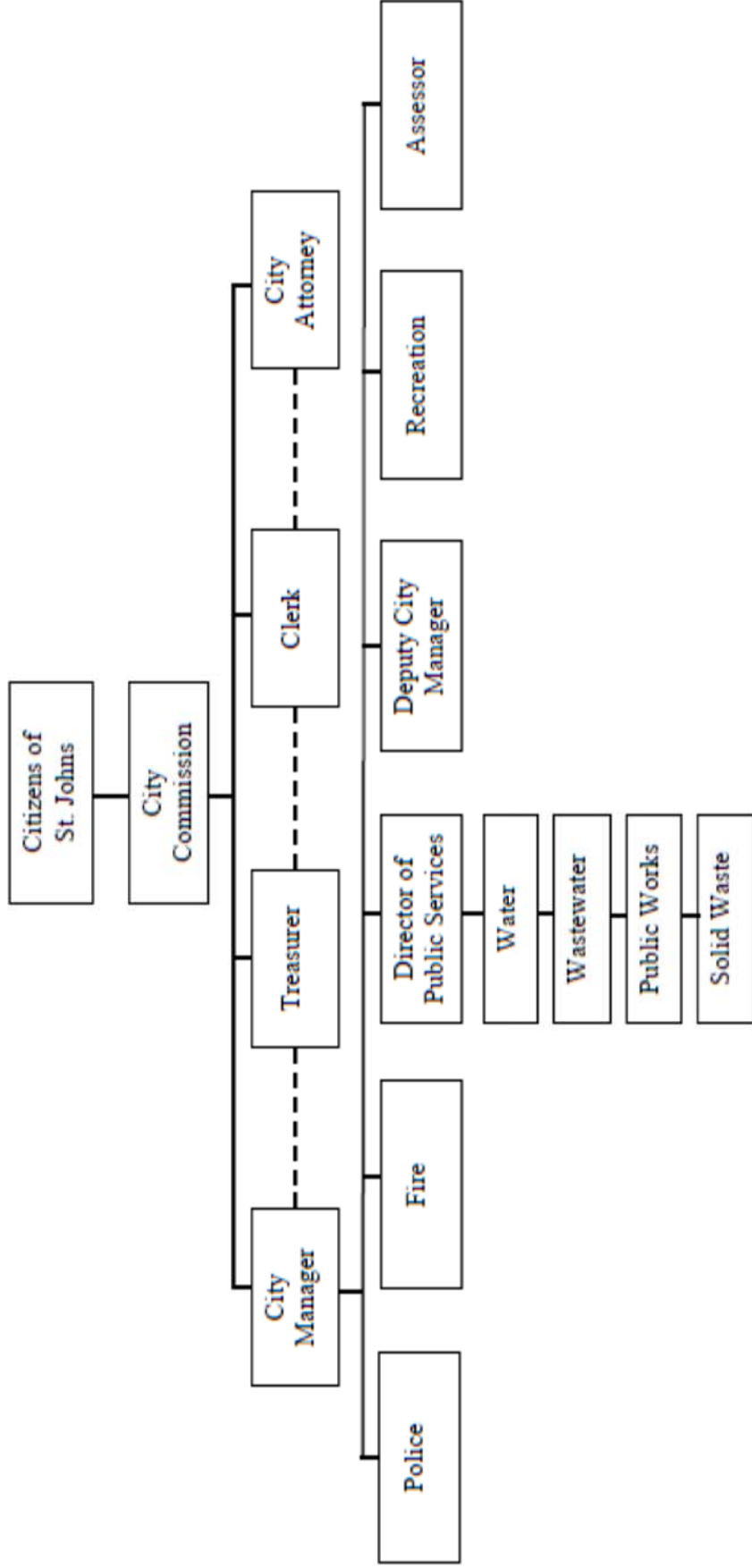


Jon Stoppels
City Manager



Kristina Kinde
City Treasurer

City of St. Johns
 Organizational Chart
 June 30, 2020



CITY OF ST. JOHNS, MICHIGAN

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of St. Johns
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 9, 2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of St. Johns, Michigan* (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Rehmann is an independent member of Nexia International.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Johns, Michigan as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, major special revenue funds and the major capital projects fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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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 of St. Johns financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2020. This analysis should be read in conjunction with the Independent Auditors' Report, our letter of transmittal, and with the City of St. Johns' financial statements, which follow this section. This discussion provides comparisons with the previous fiscal year as required by the Governmental Accounting Standards Board.

Financial Highlights

· Total net position	\$14,661,123
· Change in total net position	1,367,566
· Fund balances, governmental funds	3,484,903
· Change in fund balances, governmental funds	571,017
· Unassigned fund balance, general fund	2,258,089
· Change in fund balance, general fund	102,595
· Installment debt outstanding	13,033,124
· Change in installment debt	3,013,638

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and recreation and culture. The business-type activities of the City include water and sewer operations.

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

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

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

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

Governmental funds focus on the financing of these areas in the short-term and what remains for future spending. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Street Fund, Local Street Fund and Street Millage II Fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

Proprietary Funds. The City maintains two different types of proprietary funds. The City utilizes a Water and Sewer Fund as an enterprise fund, which shows how these activities operate like businesses. The City also utilizes an internal service fund to account for the mobile equipment provided to other departments of the City on a cost reimbursement basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund. The City's internal service fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary fund statements provide information in regards to the Trust and Agency and Current Tax Collection Agency Funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities by \$14,661,123 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 3,734,535	\$ 3,638,144	\$ 4,332,176	\$ 3,375,334	\$ 8,066,711	\$ 7,013,478
Capital assets, net	12,153,405	11,358,161	15,827,627	13,421,814	27,981,032	24,779,975
	<u>15,887,940</u>	<u>14,996,305</u>	<u>20,159,803</u>	<u>16,797,148</u>	<u>36,047,743</u>	<u>31,793,453</u>
Total deferred outflows of resources	<u>348,081</u>	<u>749,899</u>	<u>387,519</u>	<u>630,646</u>	<u>735,600</u>	<u>1,380,545</u>
Liabilities						
Other liabilities	290,307	740,960	443,805	211,416	734,112	952,376
Long-term liabilities	1,471,210	1,428,047	11,840,363	8,839,260	13,311,573	10,267,307
Net pension liability	5,330,513	5,629,493	2,746,022	3,031,265	8,076,535	8,660,758
	<u>7,092,030</u>	<u>7,798,500</u>	<u>15,030,190</u>	<u>12,081,941</u>	<u>22,122,220</u>	<u>19,880,441</u>
Net position						
Net investment in capital assets	10,883,269	10,113,212	4,272,845	4,874,133	15,156,114	14,987,345
Restricted	1,145,645	1,040,645	1,166,811	1,099,042	2,312,456	2,139,687
Unrestricted (deficit)	(2,884,923)	(3,206,153)	77,476	(627,322)	(2,807,447)	(3,833,475)
Total net position	<u>\$ 9,143,991</u>	<u>\$ 7,947,704</u>	<u>\$ 5,517,132</u>	<u>\$ 5,345,853</u>	<u>\$14,661,123</u>	<u>\$13,293,557</u>

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

	Change in Net position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 1,682,381	\$ 1,718,183	\$ 4,277,466	\$ 3,987,169	\$ 5,959,847	\$ 5,705,352
Operating grants	2,022,365	1,609,373	-	-	2,022,365	1,609,373
General revenues						
Property taxes	2,980,885	2,720,724	-	-	2,980,885	2,720,724
State revenue sharing	764,376	781,138	-	-	764,376	781,138
Other	67,548	155,442	154,351	169,515	221,899	324,957
Total revenues	7,517,555	6,984,860	4,431,817	4,156,684	11,949,372	11,141,544
Expenses						
General government	2,146,539	1,904,280	-	-	2,146,539	1,904,280
Public safety	1,557,120	1,324,342	-	-	1,557,120	1,324,342
Public works	2,241,780	2,142,768	-	-	2,241,780	2,142,768
Recreation and culture	380,473	458,453	-	-	380,473	458,453
Interest on long-term debt	22,759	5,728	-	-	22,759	5,728
Water and sewer	-	-	4,233,135	4,367,430	4,233,135	4,367,430
Total expenses	6,348,671	5,835,571	4,233,135	4,367,430	10,581,806	10,203,001
Change in net position, before transfers	1,168,884	1,149,289	198,682	(210,746)	1,367,566	938,543
Transfers	27,403	27,163	(27,403)	(27,163)	-	-
Change in net position	1,196,287	1,176,452	171,279	(237,909)	1,367,566	938,543
Net position:						
Beginning of year	7,947,704	6,771,252	5,345,853	5,583,762	13,293,557	12,355,014
End of year	\$ 9,143,991	\$ 7,947,704	\$ 5,517,132	\$ 5,345,853	\$ 14,661,123	\$ 13,293,557

Governmental Activities. Governmental activities increased the City's net position by \$1,196,287 for fiscal year 2020. Compared to the fiscal year 2019 increase of \$1,176,452, the change in net position increased by \$19,835. Key elements of this increase are as follows:

- Operating grants increased approximately \$413,000, due primarily to the City receiving an Environment, Great Lakes and Energy grant and a Byrne Grant in the current year.
- Property taxes increase approximately \$260,000, due primarily to increases in property values and the operating millage being restored.
- Public safety expenses increased by approximately \$233,000, due to an increase in salaries and benefits and an increase in vehicle expenses previously reported in public works.

Business-type Activities. Business-type activities increased the City's net position by \$171,279 for fiscal year 2020. Compared to the fiscal year 2019 decrease of \$237,909, the change in net position increased by \$409,188. Key elements of this increase are as follows:

- Charges for services increased approximately \$290,000, due mainly to water and sewer new customer accounts capital fee and water and sewer charges.
- Water and sewer operating costs decreased by approximately \$134,000, due to a large lump sum payment to the defined benefit plan in the prior year.

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,484,903, an increase of \$571,017 in comparison with the prior year. The General Fund fund balance increased \$102,595 from the prior year mainly due primarily to an increase in property taxes from the restoration of the operating millage. The Major Street Fund fund balance decreased \$177,328 from the prior year which can be attributable to a decrease in funding transferred from the Street Millage Fund. The Local Street Fund fund balance increased slightly from the prior year by \$29,816 which is due to grant funding from and Economic Development Grant. The Street Millage II capital projects fund fund balance had an increase of \$537,371 from the prior year due to the timing of street projects. Due to COVID many street projects were postponed until later in the summer.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$2,338,590. Of this amount \$80,501 was classified as nonspendable and \$2,258,089 was classified as unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 51% of total general fund expenditures. This is up slightly from 50% noted for fiscal year 2019.

The fund balance of the City's General Fund increased by \$102,595 after transfers during the current fiscal year compared to a decrease in fund balance of \$189,571 after transfers in the prior year. Much of the increase over the past year can be attributed to active management of the City budget and a continual look at ways to reduce costs (e.g., reducing overtime, foregoing some costs to the next year).

The General Fund originally budgeted for an increase in fund balance of \$188,832 and then the budget was amended which resulted in an estimated decrease of \$452,182. The actual results increased fund balance by \$102,595. Significant changes in budgetary variances are as follows:

- Intergovernmental revenue was over budget by approximately \$38,000. This is due to primarily to grant funding for some local art grants in the current year.
- Legislative underspent their budget by approximately \$60,000. This is due budgeting for the rental inspection program which has been postponed until the 2020/21 fiscal year.
- Administration underspent their budget by over \$108,000. Decreases were seen in contractual services and art projects.
- Public safety underspent their budget by over \$91,000. Decreases were seen in grant expenses, building maintenance, fire hall maintenance and hydrant rental.
- Public works was under budget by approximately \$113,000. Decreases were seen in street light install, storm drains, and parking lot repairs due to capital projects being put on hold due to COVID.

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

Significant changes in original and final budget are as follows:

- A decrease in the original budget to final budget for charges for services in the amount of approximately \$106,000 is due to the rental inspection program being deferred until the 2020/21 fiscal year.
- An increase in the original budget to final budget for general government expenditures in the amount of approximately \$250,000 is due primarily to the increase in art projects due to an art grant that was received and expended, an increase in the transfer to the mobile equipment fund and other expenses for interest payments.
- An increase in the original budget to final budget for public safety expenditures in the amount of approximately \$73,000 is due to an increase in gasoline and fleet insurance as police and fire were removed from the mobile equipment fund. Also, new DVR systems were purchased for patrol cars.
- An increase in the original budget to final budget for recreation and culture expenditures in the amount of approximately \$44,000 is due in portion to an increase in water sewer charges due to a leak at the splash park. The remaining increases were due to various unplanned expenditures.

The Water and Sewer fund had an increase to its net position of \$171,279 compared to decrease in net position in the prior year of \$237,909. Operating expenses decreased by approximately \$266,000 and revenues increased by approximately \$290,000. Explanations for changes are provided in the business-type activities section above.

Capital Asset and Debt Administration

Capital Assets - At the end of fiscal year 2020, the City of St. Johns had invested \$12,153,405 and \$15,827,627 (net of accumulated depreciation) for governmental and business-type activities capital assets, respectively (see table below). Additional information regarding the City's capital assets can be found in Note 9 to the financial statements.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,229,963	\$ 1,229,963	\$ 169,161	\$ 169,161	\$ 1,399,124	\$ 1,399,124
Construction in progress	258,892	27,643	2,783,840	-	3,042,732	27,643
Land improvements	735,082	801,328	-	-	735,082	801,328
Buildings and improvements	1,983,748	1,878,237	-	-	1,983,748	1,878,237
Vehicles	1,055,511	833,318	-	-	1,055,511	833,318
Furnitures and other assets	50,447	64,539	-	-	50,447	64,539
Drain flowage rights	396,043	407,241	-	-	396,043	407,241
Infrastructure	6,443,719	6,115,892	-	-	6,443,719	6,115,892
Water system	-	-	1,846,390	1,799,779	1,846,390	1,799,779
Sewer system	-	-	10,356,946	11,142,412	10,356,946	11,142,412
Water and sewer equipment	-	-	671,290	310,462	671,290	310,462
Total capital assets, net	\$ 12,153,405	\$ 11,358,161	\$ 15,827,627	\$ 13,421,814	\$ 27,981,032	\$ 24,779,975

Major capital asset events during the current fiscal year included the following:

- Industrial park sanitary sewer project
- Water main project at Railroad and Spring Streets
- Purchase of a new air sweeper and vactor truck
- Industrial park improvements
- Police parking lot

CITY OF ST. JOHNS, MICHIGAN

Management's Discussion and Analysis

Debt Administration - At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,471,210 for governmental activities and \$11,840,363 for business-type activities consisting of general obligation bonds, direct placement loans, and compensated absences.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 724,000	\$ 909,000	\$ 11,380,000	\$ 8,765,000	\$ 12,104,000	\$ 9,674,000
Direct placements	546,136	335,949	382,988	9,537	929,124	345,486
Compensated absences	201,074	183,098	77,375	64,723	278,449	247,821
Total long-term debt	\$ 1,471,210	\$ 1,428,047	\$ 11,840,363	\$ 8,839,260	\$ 13,311,573	\$ 10,267,307

The City's total governmental activities and business-type activities debt increased by \$43,163 and \$3,001,103, respectively, during the current fiscal year. Governmental activities increased largely due to a new installment note for the purchase of a sweeper and business-type activities increased largely due to new water and sewer bonds for the purchase of a vactor truck.

State statute limits the City of St. Johns debt obligations to 10 percent of the current state equalized value (SEV). The City's SEV as of June 30, 2020, was \$282 million; therefore, the City's debt limitation was \$28.2 million. The City remains below its legal debt limit by approximately \$27 million.

Additional information on the City's long-term debt can be found in Note 10.

Economic Factors and Next Year's Budget and Rates

- The affect of COVID-19 on revenues.
- The amount of property taxes that will be levied.
- The cost of employee fringe benefits.
- The underfunded defined benefit pension plan.

The City considered these factors in preparing the City's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of St. Johns finances and to demonstrate the City of St. Johns accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of St. Johns Treasurer's Office at (989) 224-8944 or via email: treasurer@ci.saint-johns.mi.us.

BASIC FINANCIAL STATEMENTS

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CITY OF ST. JOHNS, MICHIGAN

Statement of Net Position

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,692,012	\$ 1,548,730	\$ 4,240,742	\$ 440,570
Investments	532,443	423,715	956,158	-
Receivables	419,001	1,027,102	1,446,103	-
Internal balances	508	(508)	-	-
Inventories	10,070	71,622	81,692	-
Prepays	80,501	735	81,236	-
Cash and cash equivalents, restricted	-	1,260,780	1,260,780	-
Capital assets not being depreciated	1,488,855	2,953,001	4,441,856	-
Capital assets being depreciated, net	10,664,550	12,874,626	23,539,176	-
Total assets	15,887,940	20,159,803	36,047,743	440,570
Deferred outflows of resources				
Deferred charge on refunding	-	208,206	208,206	-
Deferred pension amounts	348,081	179,313	527,394	-
Total deferred outflows of resources	348,081	387,519	735,600	-
Liabilities				
Accounts payable and accrued liabilities	290,307	443,805	734,112	3,461
Long-term liabilities:				
Due within one year	291,053	728,381	1,019,434	-
Due in more than one year	1,180,157	11,111,982	12,292,139	-
Net pension liability (due in more than one year)	5,330,513	2,746,022	8,076,535	-
Total liabilities	7,092,030	15,030,190	22,122,220	3,461
Net position				
Net investment in capital assets	10,883,269	4,272,845	15,156,114	-
Restricted for:				
Debt service	-	1,166,811	1,166,811	-
Capital projects	194,863	-	194,863	-
Garbage	212,106	-	212,106	-
Drug law enforcement	4,267	-	4,267	-
Streets	734,409	-	734,409	-
Unrestricted (deficit)	(2,884,923)	77,476	(2,807,447)	437,109
Total net position	\$ 9,143,991	\$ 5,517,132	\$ 14,661,123	\$ 437,109

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
General government	\$ 2,146,539	\$ 245,849	\$ 320,982	\$ (1,579,708)
Public safety	1,557,120	117,009	11,142	(1,428,969)
Public works	2,241,780	1,300,070	1,539,360	597,650
Recreation and culture	380,473	19,453	150,881	(210,139)
Interest on long-term debt	22,759	-	-	(22,759)
Total governmental activities	6,348,671	1,682,381	2,022,365	(2,643,925)
Business-type activities:				
Water and sewer	4,233,135	4,277,466	-	44,331
Total primary government	\$ 10,581,806	\$ 5,959,847	\$ 2,022,365	\$ (2,599,594)
Component units				
Principal Shopping District	\$ 58,073	\$ -	\$ 66,400	\$ 8,327
Local Development Finance Authority	57,416	-	897	(56,519)
Downtown Development Authority	6,378	-	-	(6,378)
Total component units	\$ 121,867	\$ -	\$ 67,297	\$ (54,570)

continued...

CITY OF ST. JOHNS, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net expense	\$ (2,643,925)	\$ 44,331	\$ (2,599,594)	\$ (54,570)
General revenues:				
Property taxes	2,980,885	-	2,980,885	158,479
State shared revenues - unrestricted	764,376	-	764,376	-
Investment earnings	24,674	18,836	43,510	193
Gain on sale of capital assets	23,300	15,000	38,300	-
Miscellaneous	19,574	120,515	140,089	-
Transfers - internal activities	27,403	(27,403)	-	-
Total general revenues and transfers	3,840,212	126,948	3,967,160	158,672
Change in net position	1,196,287	171,279	1,367,566	104,102
Net position, beginning of year	7,947,704	5,345,853	13,293,557	333,007
Net position, end of year	\$ 9,143,991	\$ 5,517,132	\$ 14,661,123	\$ 437,109

concluded

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

CITY OF ST. JOHNS, MICHIGAN

Balance Sheet
 Governmental Funds
 June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Street	Local Street	Street Millage II		
Assets						
Cash and cash equivalents	\$ 1,493,140	\$ 524,772	\$ 213,974	\$ 173,949	\$ 285,272	\$ 2,691,107
Investments	532,443	-	-	-	-	532,443
Receivables:						
Accounts	179,992	-	-	-	-	179,992
Special assessments	-	-	-	-	11,850	11,850
Due from other governmental units	104,250	88,451	34,458	-	-	227,159
Due from other funds	233,601	-	-	-	-	233,601
Prepaid items	80,501	-	-	-	-	80,501
Total assets	\$ 2,623,927	\$ 613,223	\$ 248,432	\$ 173,949	\$ 297,122	\$ 3,956,653
Liabilities						
Accounts payable	\$ 60,424	\$ 96,277	\$ 9,848	\$ -	\$ 25,961	\$ 192,510
Accrued liabilities	70,767	1,533	918	-	804	74,022
Due to other funds	154,146	11,248	7,422	-	20,552	193,368
Total liabilities	285,337	109,058	18,188	-	47,317	459,900
Deferred inflows of resources						
Unavailable revenue - special assessments	-	-	-	-	11,850	11,850
Fund balances						
Nonspendable	80,501	-	-	-	-	80,501
Restricted	-	504,165	230,244	173,949	237,955	1,146,313
Unassigned	2,258,089	-	-	-	-	2,258,089
Total fund balances	2,338,590	504,165	230,244	173,949	237,955	3,484,903
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,623,927	\$ 613,223	\$ 248,432	\$ 173,949	\$ 297,122	\$ 3,956,653

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

CITY OF ST. JOHNS, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Fund balances - total governmental funds \$ 3,484,903

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	1,488,855
Capital assets being depreciated, net	10,664,550
Less internal service fund capital assets being depreciated, net	(944,736)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

Deferred special assessments receivable	11,850
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Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds

Net pension liability	(5,330,513)
Pension related deferred outflow of resources	348,081

Internal service funds are used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities.

Net position of governmental activities accounted for in internal service funds	352,227
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Long-term debt	(728,360)
Accrued interest on long-term debt	(1,792)
Compensated absences	(201,074)

Net position of governmental activities	\$ 9,143,991
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The accompanying notes are an integral part of these basic financial statements.

CITY OF ST. JOHNS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Street	Local Street	Street Millage II		
Revenues						
Taxes	\$ 2,225,605	\$ -	\$ -	\$ 646,621	\$ 110,635	\$ 2,982,861
Licenses and permits	128,189	-	-	-	-	128,189
Intergovernmental	1,049,084	633,754	826,940	24,454	4,076	2,538,308
Charges for services	966,972	-	-	-	538,279	1,505,251
Fines and forfeitures	19,546	-	-	-	-	19,546
Interest and rentals	44,102	1,827	993	-	1,591	48,513
Other revenues	257,481	1,223	1,063	-	8,240	268,007
Total revenues	4,690,979	636,804	828,996	671,075	662,821	7,490,675
Expenditures						
Current:						
General government	1,627,015	-	-	-	-	1,627,015
Public safety	1,778,214	-	-	-	-	1,778,214
Public works	507,697	660,805	925,237	-	584,182	2,677,921
Recreation and culture	308,922	-	-	-	76	308,998
Debt service:						
Principal	17,453	-	-	-	185,000	202,453
Interest and fiscal charges	-	-	-	-	17,078	17,078
Capital outlay	335,382	-	-	-	-	335,382
Total expenditures	4,574,683	660,805	925,237	-	786,336	6,947,061
Revenues over (under) expenditures	116,296	(24,001)	(96,241)	671,075	(123,515)	543,614
Other financing sources (uses)						
Transfers in	-	7,647	126,057	-	202,078	335,782
Transfers out	(13,701)	(160,974)	-	(133,704)	-	(308,379)
Total other financing sources (uses)	(13,701)	(153,327)	126,057	(133,704)	202,078	27,403
Net change in fund balances	102,595	(177,328)	29,816	537,371	78,563	571,017
Fund balances (deficit), beginning of year	2,235,995	681,493	200,428	(363,422)	159,392	2,913,886
Fund balances, end of year	\$ 2,338,590	\$ 504,165	\$ 230,244	\$ 173,949	\$ 237,955	\$ 3,484,903

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

CITY OF ST. JOHNS, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 571,017

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased	1,416,318
Depreciation expense	(754,238)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred special assessments receivable	(1,976)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	202,453
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in net pension liability and related deferred amounts	(102,837)
Change in accrued interest payable on long-term debt	458
Change in the accrual for compensated absences	(17,976)

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Change in net position of the internal service fund	<u>(116,932)</u>
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Change in net position of governmental activities	<u><u>\$ 1,196,287</u></u>
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The accompanying notes are an integral part of these basic financial statements.

CITY OF ST. JOHNS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,131,865	\$ 2,221,372	\$ 2,225,605	\$ 4,233
Licenses and permits	120,000	120,000	128,189	8,189
Intergovernmental	911,866	1,087,032	1,049,084	(37,948)
Charges for services	1,080,684	974,184	966,972	(7,212)
Fines and forfeitures	27,000	27,000	19,546	(7,454)
Interest and rentals	29,200	39,200	44,102	4,902
Other revenues	113,500	102,187	257,481	155,294
Total revenues	4,414,115	4,570,975	4,690,979	120,004
Expenditures				
Current:				
General government:				
Legislative	409,610	416,459	356,141	(60,318)
Administration	1,019,511	1,096,921	988,836	(108,085)
Municipal building	86,701	90,000	226,610	136,610
Other	-	162,429	55,428	(107,001)
Total general government	1,515,821	1,765,809	1,627,015	(138,794)
Public safety:				
Police department	1,638,317	1,708,900	1,639,928	(68,972)
Fire department	158,817	161,010	138,286	(22,724)
Total public safety	1,797,135	1,869,910	1,778,214	(91,696)
Public works -				
Department of public works	502,925	620,823	507,697	(113,126)
Recreation and culture:				
Recreation department	175,137	218,321	203,448	(14,873)
City parks	144,437	145,640	105,474	(40,166)
Total recreation and culture	319,574	363,961	308,922	(55,039)
Debt service - principal	17,453	17,453	17,453	-
Capital outlay	83,675	396,500	335,382	(61,118)
Total expenditures	4,236,582	5,034,456	4,574,683	(459,773)
Revenues over (under) expenditures	177,533	(463,481)	116,296	579,777

continued...

CITY OF ST. JOHNS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers out	\$ (13,701)	\$ (13,701)	\$ (13,701)	\$ -
Proceeds from sale of capital assets	25,000	25,000	-	(25,000)
Total other financing sources (uses)	11,299	11,299	(13,701)	(25,000)
Net change in fund balance	188,832	(452,182)	102,595	554,777
Fund balance, beginning of year	2,235,995	2,235,995	2,235,995	-
Fund balance, end of year	\$ 2,424,827	\$ 1,783,813	\$ 2,338,590	\$ 554,777

concluded

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

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Major Street Special Revenue Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 635,203	\$ 635,203	\$ 633,754	\$ (1,449)
Interest and rentals	-	2,000	1,827	(173)
Other revenues	-	1,200	1,223	23
Total revenues	635,203	638,403	636,804	(1,599)
Expenditures				
Current -				
Public works -				
Highway and streets:				
Administrative	216,872	308,872	295,989	(12,883)
Street maintenance	219,098	752,393	288,747	(463,646)
Traffic service maintenance	35,127	43,027	34,557	(8,470)
Winter maintenance	50,042	50,041	41,512	(8,529)
Total expenditures	521,139	1,154,333	660,805	(493,528)
Revenues over (under) expenditures	114,064	(515,930)	(24,001)	491,929
Other financing sources (uses)				
Transfers in	78,000	372,353	7,647	(364,706)
Transfers out	(190,974)	(190,974)	(160,974)	30,000
Total other financing sources (uses)	(112,974)	181,379	(153,327)	(334,706)
Net change in fund balance	1,090	(334,551)	(177,328)	157,223
Fund balance, beginning of year	681,493	681,493	681,493	-
Fund balance, end of year	\$ 682,583	\$ 346,942	\$ 504,165	\$ 157,223

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

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Local Street Special Revenue Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 245,792	\$ 825,844	\$ 826,940	\$ 1,096
Interest and rentals	-	1,000	993	(7)
Other revenues	-	1,000	1,063	63
Total revenues	<u>245,792</u>	<u>827,844</u>	<u>828,996</u>	<u>1,152</u>
Expenditures				
Current -				
Public works -				
Highway and streets:				
Administrative	576,254	119,254	89,641	(29,613)
Street maintenance	225,501	1,372,785	761,549	(611,236)
Traffic service maintenance	50,481	60,131	24,839	(35,292)
Winter maintenance	65,015	65,015	49,208	(15,807)
Total expenditures	<u>917,251</u>	<u>1,617,185</u>	<u>925,237</u>	<u>(691,948)</u>
Revenues under expenditures	(671,459)	(789,341)	(96,241)	693,100
Other financing sources				
Transfers in	<u>552,000</u>	<u>604,440</u>	<u>126,057</u>	<u>(478,383)</u>
Net change in fund balance	<u>(119,459)</u>	<u>(184,901)</u>	<u>29,816</u>	<u>214,717</u>
Fund balance, beginning of year	<u>200,428</u>	<u>200,428</u>	<u>200,428</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 80,969</u></u>	<u><u>\$ 15,527</u></u>	<u><u>\$ 230,244</u></u>	<u><u>\$ 214,717</u></u>

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

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Street Millage II Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 633,595	\$ 633,595	\$ 646,621	\$ 13,026
Intergovernmental	-	-	24,454	24,454
Total revenues	633,595	633,595	671,075	37,480
Expenditures				
Capital outlay	600,000	-	-	-
Revenues under expenditures	33,595	633,595	671,075	37,480
Other financing uses				
Transfers out	-	(946,793)	(133,704)	(813,089)
Net change in fund balance	33,595	(313,198)	537,371	850,569
Fund balance, beginning of year	(363,422)	(363,422)	(363,422)	-
Fund balance, end of year	<u>\$ (329,827)</u>	<u>\$ (676,620)</u>	<u>\$ 173,949</u>	<u>\$ 850,569</u>

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,548,730	\$ 905
Investments	423,715	-
Accounts receivable	1,027,102	-
Due from other funds	154,146	-
Inventories	71,622	10,070
Prepaid items	735	-
Total current assets	<u>3,226,050</u>	<u>10,975</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	1,260,780	-
Capital assets not being depreciated	2,953,001	-
Capital assets being depreciated, net	12,874,626	944,736
Total noncurrent assets	<u>17,088,407</u>	<u>944,736</u>
Total assets	<u>20,314,457</u>	<u>955,711</u>
Deferred outflows of resources		
Deferred charge on refunding	208,206	-
Deferred pension amounts	179,313	-
Total deferred outflows of resources	<u>387,519</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	312,560	7,196
Accrued liabilities	37,276	2,030
Accrued interest payable	93,969	12,757
Due to other funds	154,654	39,725
Bonds and notes payable - current	669,873	44,220
Compensated absences payable - current	58,508	-
Total current liabilities	<u>1,326,840</u>	<u>105,928</u>
Noncurrent liabilities:		
Bonds and notes payable, net of current portion	11,093,115	497,556
Compensated absences payable, net of current portion	18,867	-
Net pension liability	2,746,022	-
Total noncurrent liabilities	<u>13,858,004</u>	<u>497,556</u>
Total liabilities	<u>15,184,844</u>	<u>603,484</u>
Net position		
Net investment in capital assets	4,272,845	402,960
Restricted for -		
Debt service	1,166,811	-
Unrestricted (deficit)	<u>77,476</u>	<u>(50,733)</u>
Total net position	<u>\$ 5,517,132</u>	<u>\$ 352,227</u>

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
Operating revenues		
Charges for services	\$ 4,277,466	\$ 349,935
Operating expenses		
Water plant operation	620,991	-
Water distribution	576,499	-
Wastewater plant operation	1,102,080	-
Administrative expenses	631,527	-
Mobile equipment	-	342,914
Depreciation	915,370	146,670
Total operating expenses	3,846,467	489,584
Operating income (loss)	430,999	(139,649)
Nonoperating revenues (expenses)		
Interest income	18,836	-
Other revenue	120,515	5,556
Interest expense	(386,668)	(6,139)
Gain on sale of capital assets	15,000	23,300
Total nonoperating revenues (expenses)	(232,317)	22,717
Income (loss) before transfers	198,682	(116,932)
Transfers out	(27,403)	-
Change in net position	171,279	(116,932)
Net position, beginning of year	5,345,853	469,159
Net position, end of year	\$ 5,517,132	\$ 352,227

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
Cash flows from operating activities		
Receipts from customers and users	\$ 4,094,666	\$ -
Receipts from interfund services provided	-	349,935
Payments to employees	(1,400,423)	(79,365)
Payments to suppliers	(1,314,602)	(250,655)
Net cash provided by operating activities	1,379,641	19,915
Cash flows from noncapital financing activities		
Miscellaneous receipts	120,515	5,556
Transfers out	(27,403)	-
Net cash provided by noncapital financing activities	93,112	5,556
Cash flows from capital and related financing activities		
Purchase of capital asset	(3,321,183)	(279,834)
Proceeds from the sale of capital assets	15,000	23,300
Proceeds from issuance of long-term debt	3,511,082	249,600
Interest paid on long-term debt	(335,224)	36
Principal paid on long-term debt	(522,631)	(21,960)
Net cash used in capital and related financing activities	(652,956)	(28,858)
Cash flows from investing activities		
Purchase of investments	(8,664)	-
Interest received on investments	18,836	-
Net cash provided by investing activities	10,172	-
Net change in cash and cash equivalents	829,969	(3,387)
Cash and cash equivalents, beginning of year	1,979,541	4,292
Cash and cash equivalents, end of year	\$ 2,809,510	\$ 905
Classified on the statement of net position as:		
Cash and cash equivalents	\$ 1,548,730	\$ 905
Cash and cash equivalents, restricted	1,260,780	-
	\$ 2,809,510	\$ 905

continued...

CITY OF ST. JOHNS, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
Cash flows from operating activities		
Operating income (loss)	\$ 430,999	\$ (139,649)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	915,370	146,670
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(28,654)	-
Due from other funds	(154,146)	-
Inventories	(9,817)	(911)
Prepaid items	(735)	-
Accounts payable	194,289	(1,258)
Accrued liabilities	5,306	48
Due to other funds	75,143	15,015
Compensated absences payable	12,652	-
Deferred outflows of resources related to pension amounts	224,477	-
Net pension liability	(285,243)	-
Net cash provided by operating activities	<u>\$ 1,379,641</u>	<u>\$ 19,915</u>

concluded

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

Assets

Cash and cash equivalents	<u>\$ 2,966</u>
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Liabilities

Due to other governments	<u>\$ 2,966</u>
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The accompanying notes are an integral part of these basic financial statements.

CITY OF ST. JOHNS, MICHIGAN

Statement of Net Position

Discretely Presented Component Units

June 30, 2020

	Principal Shopping District	Local Development Finance Authority	Downtown Development Authority	Total Component Units
Assets				
Cash and cash equivalents	\$ 38,449	\$ 328,631	\$ 73,490	\$ 440,570
Liabilities				
Accounts payable	2,818	256	387	3,461
Net position				
Unrestricted	\$ 35,631	\$ 328,375	\$ 73,103	\$ 437,109

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

CITY OF ST. JOHNS, MICHIGAN

Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue
		Operating Grants and Contributions	
Component units:			
Community and economic development			
Principal shopping district	\$ 58,073	\$ 66,400	\$ 8,327
Local development finance authority	57,416	897	(56,519)
Downtown development authority	6,378	-	(6,378)
	<u> </u>	<u> </u>	<u> </u>
Total component units	\$ 121,867	\$ 67,297	\$ (54,570)
	<u> </u>	<u> </u>	<u> </u>

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CITY OF ST. JOHNS, MICHIGAN

Statement of Activities

Discretely Presented Component Units
For the Year Ended June 30, 2020

	Component Units			Total Component Units
	Principal Shopping District	Local Development Finance Authority	Downtown Development Authority	
Changes in net position				
Net (expense) revenue	\$ 8,327	\$ (56,519)	\$ (6,378)	\$ (54,570)
General revenues:				
Property taxes	-	147,626	10,853	158,479
Investment earnings	-	-	193	193
Total general revenues	-	147,626	11,046	158,672
Change in net position	8,327	91,107	4,668	104,102
Net position, beginning of year	27,304	237,268	68,435	333,007
Net position, end of year	\$ 35,631	\$ 328,375	\$ 73,103	\$ 437,109

concluded

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

NOTES TO FINANCIAL STATEMENTS

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of St. Johns, Michigan (the "City") conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

As required by accounting principles generally accepted in the United States of America; and Governmental Accounting Standards Board, these financial statements present the financial activities of the City of St. Johns (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government.

Blended Component Unit

Building Authority - The Building Authority is governed by a three (3) member board appointed by the City Commission. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, and stadiums for the benefit of the City. There was no activity in this component unit during fiscal year 2020.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the City of St. Johns remains financially accountable for these entities or the nature and significance of the relationship between these entities and the City of St. Johns is such that exclusion of these entities would render the financial statements misleading or incomplete.

Principal Shopping District (PSD) - The PSD is governed by a board of no less than nine (9) and no more than thirteen (13) directors. The board is comprised of owners and/or operators of downtown businesses, excepting by statute that one member shall be a representative of the City and one member shall be an adjacent neighborhood resident to the downtown area. The members are appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one (1) 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, MICHIGAN

Notes to Financial Statements

Local Development Finance Authority (LDFA) - The LDFA is governed by a ten (10) member board, seven (7) of whom are appointed by the Chief Executive Officer, subject to approval by the City Commission, one (1) of whom is appointed by the Clinton County Board of Commissioners, and two (2) 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.

Downtown Development Authority (DDA) - The DDA is governed by a board of no less than nine (9) and no more than thirteen (13) directors. Members of the governing board of the DDA are appointed by the City Commission. 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 City temporarily relinquishes part of its tax base to the Authority (tax increment revenues). The DDA 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 activity which is considered to be a joint venture in relation to the City, due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Clinton Area Ambulance Service Authority - The City is a member of the Clinton Area Ambulance Service Authority (CAASA), which is a joint venture agreement between the following municipalities: 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, Township of Riley and Township of Ovid. The City appoints two (2) of the fourteen (14) members of the governing board. CAASA is considered a Municipal Emergency Service Authority as provided in the Emergency Services to Municipalities Act, 1988 PA57, and MCL 124.601.

CAASA has no stockholders and all monies received are to be used for emergency services in accordance with the joint venture agreement between the constituent municipalities.

The financial activities of CAASA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended March 31, 2020, are available at CAASA's administrative offices. As of March 31, 2020, CAASA had a net position of \$1,138,997.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

Property taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another 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.

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 *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 funds:

The *Water and Sewer Fund* is used to account for the operations of the 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:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Internal service fund accounts for the mobile equipment used by departments within the City and the related expenses incurred on a cost reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the City which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

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 and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

State statutes authorize the City to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are shown as unearned revenue.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Property taxes are levied by the City of St. Johns on July 1 and December 1 and are payable without penalty through August 14 and February 14, respectively. The July 1 levy was composed of the County's levy, the State Education Tax assessment and the City's millage and assessments. The December 1 levy was composed of school taxes as well as any unpaid July 1 City levies. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by state statute to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than the payment of debt service fund expenditures. They are also permitted to levy additional mills specifically designated for garbage and street and sidewalks. For the year ended June 30, 2020, the City levied 9.9430 mills for general governmental services, 0.5000 mills for garbage services, 0.2310 for economic development and 2.9829 for streets and sidewalks. The total taxable value for the 2019 levy for property within the City was \$216,389,054.

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.

Other assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include land, construction on progress, land improvements, building and improvements, vehicles, furniture and other assets, drain flowage rights, water system, sewer system, water and sewer equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all roads and streets regardless of their acquisition date or amount.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	5 - 25
Buildings and improvements	20 - 40
Vehicles	5
Furniture and other assets	5
Infrastructure	20
Drain flowage rights	25
Sewer lines	40
Pump stations	20
Equipment	3 - 10

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to benefits provided in its pension plan as well as for a deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated absences

City employees are granted 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.

Accumulated vacation and sick pay amounts that are vested have been recorded in the government-wide financial statements.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Long-term obligations

In the government wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from one source: special assessments receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission (the government's highest level of decision-making authority). A formal resolution of the Commission is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Commission has delegated the authority to assign fund balance to the City Manager, who assigns amounts based on policy set forth by the Commission. Unassigned fund balance is the residual classification for the General Fund.

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.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

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 transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenues. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The City utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service funds and capital projects funds are also included in the budgetary process; however, State statutes do not require legally adopted budgets for such funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before April 1, the City Manager submits to the City Commission, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general and special revenue funds. Informational summaries of projected revenues and expenditures are provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
2. Public hearings are conducted to obtain taxpayer comments.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

3. In May, by resolution, the approved budgets of the City were adopted on the department level basis for the general fund and the fund level for all other governmental funds for the ensuing fiscal year, in accordance with Public Act 621 of the State of Michigan.
4. The City Manager, or his 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.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
6. Budget appropriations lapse at year-end.
7. The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget-to-actual expenditures in the financial statements represent the final budgeted expenditures as amended by the City Commission.
8. 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.

3. DEFICIT NET POSITION

Governmental activities reported a deficit in unrestricted net position of \$2,884,923. The Mobile Equipment internal service fund reported a deficit in unrestricted net position of \$50,733.

4. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the City were adopted on the department level basis for the general fund and the fund level for special revenue funds, debt service funds and capital projects funds, which is the legal level of control. During the year ended June 30, 2020 the City had incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Over Budget
General Fund -			
General government			
Municipal building	\$ 90,000	\$ 226,610	\$ 136,610
Splash Park Capital Projects Fund -			
Recreation and culture	-	76	76

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2020:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 4,240,742	\$ 440,570	\$ 4,681,312
Restricted cash and cash equivalents	1,260,780	-	1,260,780
Investments	956,158	-	956,158
Statement of Fiduciary Assets and Liabilities			
Cash and cash equivalents	2,966	-	2,966
Total	\$ 6,460,646	\$ 440,570	\$ 6,901,216
Deposits and investments			
Deposits:			
Checking and savings accounts			\$ 5,412,183
Certificates of deposit (due within one year)			925,172
Investments			563,051
Cash on hand			810
Total			\$ 6,901,216

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. It is City policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the City's investment policy places concentration limits on the total amount deposited with a single financial institution. As of year-end, \$5,599,767 of the City's bank balance of \$6,849,767 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The City has adopted an official investment policy which is in accordance with investments permitted by Act 20 of the Michigan Public Acts of 1943, as amended. The Act generally allows the City to deposit funds in banks, savings and loan associations, and credit unions in the State of Michigan. The Act also provides for investment in U.S. government obligations; certificates of deposit of banks, savings and loans, and credit unions; commercial paper; repurchase agreements; bankers' acceptances; and, with some restrictions, mutual funds.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, City policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2020, the City had the following investments:

Investment	Maturity	Fair Value	Rating
Money market funds	n/a	<u>\$ 563,051</u>	S&P AAAM

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City’s investment policy does not have specific limits in excess of state law on investment credit risk.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments as identified in the list of authorized investments in the summary of significant accounting policies. The City’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization’s own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The City’s only recurring fair value measurements as of June 30, 2020 were related to its investments in money market funds. These investments are valued using quoted market pricing of the underlying securities (Level 1 inputs).

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 179,992	\$ 1,027,102
Special assessments	11,850	-
Intergovernmental	227,159	-
	<u>\$ 419,001</u>	<u>\$ 1,027,102</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the deferred inflows of resources of \$11,850 reported in the governmental funds consisted entirely of special assessments, which are expected to be received during the next fiscal year.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 199,706	\$ 312,560	\$ 3,461
Accrued liabilities	76,052	37,276	-
Accrued interest on long-term debt	14,549	93,969	-
	<u>\$ 290,307</u>	<u>\$ 443,805</u>	<u>\$ 3,461</u>

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances at year-end, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 233,601	\$ 154,146
Major Street fund	-	11,248
Local Street fund	-	7,422
Nonmajor governmental funds	-	20,552
Water and Sewer fund	154,146	154,654
Internal service fund	-	39,725
	<u>\$ 387,747</u>	<u>\$ 387,747</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended June 30, 2020, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	Major Streets	Local Streets	Nonmajor Governmental Funds	Total
General fund	\$ -	\$ -	\$ 13,701	\$ 13,701
Major Street fund	-	-	160,974	160,974
Street Millage II fund	7,647	126,057	-	133,704
Water and Sewer fund	-	-	27,403	27,403
	<u>\$ 7,647</u>	<u>\$ 126,057</u>	<u>\$ 202,078</u>	<u>\$ 335,782</u>

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. The Street Millage Fund transferred taxes collected to the Major and Local Streets for road projects. The Major Streets Fund transferred funds to the Local Streets Fund and to the Debt Service Fund for the debt payment.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 1,229,963	\$ -	\$ -	\$ -	\$ 1,229,963
Construction in progress	27,643	231,249	-	-	258,892
	<u>1,257,606</u>	<u>231,249</u>	<u>-</u>	<u>-</u>	<u>1,488,855</u>
Capital assets, being depreciated:					
Land improvements	1,813,705	7,204	-	-	1,820,909
Buildings and improvements	3,126,160	208,654	-	-	3,334,814
Vehicles	2,809,785	381,079	(205,029)	-	2,985,835
Furniture and other assets	293,973	-	-	-	293,973
Drain flowage rights	529,268	-	-	-	529,268
Infrastructure	10,717,873	867,966	-	-	11,585,839
	<u>19,290,764</u>	<u>1,464,903</u>	<u>(205,029)</u>	<u>-</u>	<u>20,550,638</u>
Less accumulated depreciation for:					
Land improvements	(1,012,377)	(73,450)	-	-	(1,085,827)
Buildings and improvements	(1,247,923)	(103,143)	-	-	(1,351,066)
Vehicles	(1,976,467)	(158,886)	205,029	-	(1,930,324)
Furniture and other assets	(229,434)	(14,092)	-	-	(243,526)
Drain flowage rights	(122,027)	(11,198)	-	-	(133,225)
Infrastructure	(4,601,981)	(540,139)	-	-	(5,142,120)
	<u>(9,190,209)</u>	<u>(900,908)</u>	<u>205,029</u>	<u>-</u>	<u>(9,886,088)</u>
Total capital assets being depreciated, net	<u>10,100,555</u>	<u>563,995</u>	<u>-</u>	<u>-</u>	<u>10,664,550</u>
Governmental activities capital assets, net	<u>\$ 11,358,161</u>	<u>\$ 795,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,153,405</u>

At June 30, 2020, the City's governmental activities had estimated commitments for the 2020-2021 street program of \$640,000 and Scott Road improvements of \$300,000.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 169,161	\$ -	\$ -	\$ -	\$ 169,161
Construction in progress	-	2,783,840	-	-	2,783,840
	<u>169,161</u>	<u>2,783,840</u>	<u>-</u>	<u>-</u>	<u>2,953,001</u>
Capital assets, being depreciated:					
Water system	5,822,328	115,939	-	-	5,938,267
Sewer system	26,518,553	5,715	-	-	26,524,268
Water and sewer equipment	969,669	415,689	(152,597)	-	1,232,761
	<u>33,310,550</u>	<u>537,343</u>	<u>(152,597)</u>	<u>-</u>	<u>33,695,296</u>
Less accumulated depreciation for:					
Water system	(4,022,549)	(69,328)	-	-	(4,091,877)
Sewer system	(15,376,141)	(791,181)	-	-	(16,167,322)
Water and sewer equipment	(659,207)	(54,861)	152,597	-	(561,471)
	<u>(20,057,897)</u>	<u>(915,370)</u>	<u>152,597</u>	<u>-</u>	<u>(20,820,670)</u>
Total capital assets being depreciated, net	<u>13,252,653</u>	<u>(378,027)</u>	<u>-</u>	<u>-</u>	<u>12,874,626</u>
Business-type activities capital assets, net	<u>\$ 13,421,814</u>	<u>\$ 2,405,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,827,627</u>

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

Depreciation of governmental activities by function

General government	\$ 57,217
Public safety	24,858
Public works	603,773
Recreation and culture	68,390
Internal service fund	146,670
	<u>\$ 900,908</u>

Depreciation of business-type activities by function

Water and Sewer	<u>\$ 915,370</u>
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CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
2017 Refunding Bonds, \$1,119,000, with future semi-annual installments ranging from \$56,000 to \$125,000 through April 1, 2024, interest at 1.980%	\$ 909,000	\$ -	\$ (185,000)	\$ 724,000	\$ 105,000
Direct Placements:					
Installment Note Payable, to purchase a pumper tanker fire truck of \$376,615 due in annual installments of \$31,833 through November 1, 2030, including interest at 3.00%	314,136	-	(21,960)	292,176	22,625
CDBG loan of \$1,100,000 for expansion of the City's industrial park, governmental portion, due in quarterly installments of \$6,271 through August 1, 2020 at 0.00% interest	21,813	-	(17,453)	4,360	4,360
Installment Note Payable, to purchase a sweeper of \$249,600 due in annual installments of \$29,532 through September 1, 2029, including interest at 3.18%	-	249,600	-	249,600	21,595
	335,949	249,600	(39,413)	546,136	48,580
Total governmental activities bonds and notes	1,244,949	249,600	(224,413)	1,270,136	153,580
Compensated absences	183,098	186,785	(168,809)	201,074	137,473
Total governmental activities	\$ 1,428,047	\$ 436,385	\$ (393,222)	\$ 1,471,210	\$ 291,053

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities					
Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 16, 2013, \$2,845,000, with annual installments ranging from \$15,000 to \$300,000 through October 1, 2027, with interest at 3.15% payable semi-annually	\$ 2,485,000	\$ -	\$ (300,000)	\$ 2,185,000	\$ 255,000
Water Supply and Sewage Disposal System Revenue Refunding Bonds dated October 20, 2016, \$6,535,000, with future annual installments ranging from \$55,000 to \$755,000 through October 1, 2032, with interest at 2.65% payable semi-annually	6,280,000	-	(215,000)	6,065,000	270,000
Water Supply and Sewage Disposal System Revenue Bonds dated August 27, 2019, \$3,130,000, with future annual installments ranging from \$110,000 to \$210,000 through October 1, 2039, with interest at 3.9% payable semi-annually	-	3,130,000	-	3,130,000	110,000
	<u>8,765,000</u>	<u>3,130,000</u>	<u>(515,000)</u>	<u>11,380,000</u>	<u>635,000</u>

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Direct Placement:

CDBG loan of \$1,100,000 for expansion of the City's industrial park, enterprise portion, due in quarterly installments of \$6,271 through August 1, 2020 at 0.00% interest

\$	9,537	\$	-	\$	(7,631)	\$	1,906	\$	1,906
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Installment Note Payable, to purchase a vactor truck of \$381,082 due in annual installments of \$45,086 through September 1, 2029, including interests at 3.18%

-	381,082	-	381,082	32,967
9,537	381,082	(7,631)	382,988	34,873

Total business type activities bonds and notes

8,774,537	3,511,082	(522,631)	11,762,988	669,873
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Compensated absences

64,723	71,876	(59,224)	77,375	58,508
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Total business-type activities

\$ 8,839,260	\$ 3,582,958	\$ (581,855)	\$ 11,840,363	\$ 728,381
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Annual debt service requirements to maturity for long-term debt (excluding direct placements and compensated absences) are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 105,000	\$ 33,013	\$ 635,000	\$ 295,773
2022	105,000	28,813	655,000	278,176
2023	110,000	24,613	675,000	259,911
2024	115,000	20,213	700,000	242,337
2025	120,000	15,469	720,000	223,378
2026-2030	169,000	15,881	3,955,000	829,150
2031-2035	-	-	3,050,000	341,312
2036-2040	-	-	990,000	86,106
	\$ 724,000	\$ 138,002	\$ 11,380,000	\$ 2,556,143

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt direct placements are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 48,580	\$ 9,208	\$ 34,873	\$ 12,118
2022	45,643	8,472	34,016	11,070
2023	47,086	7,738	35,098	9,988
2024	48,574	6,981	36,214	8,872
2025	50,092	6,216	37,365	7,721
2026-2030	275,297	18,404	205,422	20,006
2031	30,864	970	-	-
	<u>\$ 546,136</u>	<u>\$ 57,989</u>	<u>\$ 382,988</u>	<u>\$ 69,775</u>

The internal service fund predominately serves the governmental funds. Accordingly, long-term liabilities for this fund are included as part of the above governmental activities totals. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

11. RISK MANAGEMENT

Primary Government

The City participates in a pool, the Michigan Municipal 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.

The City also participates in a State pool, the Michigan Municipal League Liability & Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, 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.

12. CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

13. BENEFIT PLANS

Defined Contribution - Michigan Municipal Employees' Retirement System

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 8% of their wages as a contribution to the plan. Non-union new hires have an irrevocable option at the time of hire to contribute 2% of their wages to the plan and the City matches these contributions. If this option is refused, then the 8% City funding is what is received. Union employees hired after July 1, 2007 receive 8% of their wages as a contribution to the plan. The City will match up to 4% of additional contributions for a total maximum contribution of 16%. Non-union employees hired after December 1, 2012 have a 4% contribution by the employer, all supervisors hired after May 31, 2003 have 10% contribution and the City Manager has a 10% contribution plan. During the year ended June 30, 2020, 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.

During the year, contributions of \$32,682 and \$125,618 were made by the employees and employer, respectively, in accordance with contribution requirements established by the City Commission.

Defined Benefit - Michigan Municipal Employees' Retirement System

General Information About the 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 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 the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a three year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after ten years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or 55 with 20 or more years of service. Election of early retirement other than one of these options is subject to reduction of benefits as outlined below.

Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.5% of the member's final average compensation (FAC) for General and Police/Fire. The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At December 31, 2019, plan membership consisted of the

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>12</u>
 Total membership	 <u><u>71</u></u>

Contributions. 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 cost of benefits earned by employees 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, which currently range from 0% to 4.5%. Employer contributions range from \$579 to \$31,534 per month.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private investments	<u>20.00%</u>	7.25%	1.45%
	<u><u>100.00%</u></u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.60%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2019 was 7.6% (down from 8.0% at December 31, 2018). 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, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 17,162,733	\$ 8,501,975	\$ 8,660,758
Changes for the year:			
Service cost	86,150	-	86,150
Interest	1,322,437	-	1,322,437
Differences between expected and actual experience	115,202	-	115,202
Changes in assumptions	542,432	-	542,432
Employer contributions	-	1,518,342	(1,518,342)
Net investment income	-	1,151,920	(1,151,920)
Benefit payments, including refunds of employee contributions	(1,350,700)	(1,350,700)	-
Administrative expense	-	(19,818)	19,818
Net changes	<u>715,521</u>	<u>1,299,744</u>	<u>(584,223)</u>
Balances at December 31, 2019	<u>\$ 17,878,254</u>	<u>\$ 9,801,719</u>	<u>\$ 8,076,535</u>

Changes in assumptions. In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.6%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

	1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
City's net pension liability	\$ 9,865,194	\$ 8,076,535	\$ 6,552,468

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of \$1,544,554. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 46,155
Contributions subsequent to the measurement date	<u>481,239</u>
Total	<u>\$ 527,394</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2021. Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	Amount
2021	\$ (15,362)
2022	35,324
2023	119,364
2024	<u>(93,171)</u>
Total	<u>\$ 46,155</u>

Payable to the Pension Plan. At June 30, 2020, the City reported a payable of \$80,207 for the outstanding contribution amounts payable to the pension plan.

14. COMMITMENTS

Lease Commitments - Primary Government

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 7.71% 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.

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

15. FUND BALANCE - GOVERNMENTAL FUNDS

The City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General	Major Street	Local Street	Street Millage II	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepaid items	\$ 80,501	\$ -	\$ -	\$ -	\$ -	\$ 80,501
Restricted for:						
Drug law enforcement	-	-	-	-	4,267	4,267
Streets	-	504,165	230,244	-	-	734,409
Garbage	-	-	-	-	212,106	212,106
Debt service	-	-	-	-	668	668
Capital projects	-	-	-	173,949	20,914	194,863
	-	504,165	230,244	173,949	237,955	1,146,313
Unassigned	2,258,089	-	-	-	-	2,258,089
Totals fund balances - governmental funds						
	\$ 2,338,590	\$ 504,165	\$ 230,244	\$ 173,949	\$ 237,955	\$ 3,484,903

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2020, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 1,488,855	\$ 2,953,001
Capital assets being depreciated, net	10,664,550	12,874,626
	<u>12,153,405</u>	<u>15,827,627</u>
Related debt and deferred charges:		
Total bonds, notes and loans	(1,270,136)	(11,762,988)
Deferred charge on refunding	-	208,206
	<u>(1,270,136)</u>	<u>(11,554,782)</u>
Net investment in capital assets	<u>\$ 10,883,269</u>	<u>\$ 4,272,845</u>

CITY OF ST. JOHNS, MICHIGAN

Notes to Financial Statements

17. TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improved facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under accounting standards. For the year ended June 30, 2020, the City's property taxes were reduced by \$15,269 under this program.

18. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

19. SUBSEQUENT EVENTS

Subsequent to year end, the City entered into a lease agreement for certain equipment, including a chassis, a dump truck and a snow plow in the amount of \$159,283. Lease payments are due through fiscal year 2026 and at an interest rate of 2.25%.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. JOHNS, MICHIGAN

Required Supplementary Information
Municipal Employees' Retirement System of Michigan

Schedule of Changes in City's Net Pension Liability and Related Ratios

	Fiscal Year Ending June 30,					
	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 86,150	\$ 88,334	\$ 94,111	\$ 102,314	\$ 104,868	\$ 102,554
Interest	1,322,437	1,309,890	1,356,935	1,349,463	1,322,685	1,315,290
Differences between expected and actual experience	115,202	101,999	(699,069)	(5,998)	73,277	-
Changes of assumptions	542,432	-	-	-	685,498	-
Benefit payments, including refunds of employee contributions	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Net change in total pension liability	715,521	166,268	(588,302)	89,500	843,976	101,462
Total pension liability, beginning of year	17,162,733	16,996,465	17,584,767	17,495,267	16,651,291	16,549,829
Total pension liability, end of year	17,878,254	17,162,733	16,996,465	17,584,767	17,495,267	16,651,291
Plan fiduciary net position						
Employer contributions	1,518,342	1,407,512	1,077,978	762,754	702,800	663,817
Employee contributions	-	-	-	3,938	4,095	4,054
Net investment income (loss)	1,151,920	(356,262)	1,051,371	851,897	(120,666)	533,601
Benefit payments, including refunds of employee contributions	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Administrative expense	(19,818)	(17,035)	(16,672)	(16,847)	(18,062)	(19,451)
Net change in plan fiduciary net position	1,299,744	(299,740)	772,398	245,463	(774,185)	(134,361)
Plan fiduciary net position, beginning of year	8,501,975	8,801,715	8,029,317	7,783,854	8,558,039	8,692,400
Plan fiduciary net position, end of year	9,801,719	8,501,975	8,801,715	8,029,317	7,783,854	8,558,039
City's net pension liability	\$ 8,076,535	\$ 8,660,758	\$ 8,194,750	\$ 9,555,450	\$ 9,711,413	\$ 8,093,252
Plan fiduciary net position as a percentage of total pension liability	54.8%	49.5%	51.8%	45.7%	44.5%	51.4%
Covered payroll	\$ 734,094	\$ 751,578	\$ 801,333	\$ 865,538	\$ 889,705	\$ 870,041
City's net pension liability as a percentage of covered payroll	1100.20%	1152.34%	1022.64%	1103.99%	1091.53%	930.22%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions:

The 2016 assumption changes resulted from a change in the investment rate of return from 8.00% to 7.75% and the mortality table was adjusted to reflect longer lifetimes.

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

CITY OF ST. JOHNS, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System of Michigan

Schedule of the Net Pension Liability

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 16,651,291	\$ 8,558,039	\$ 8,093,252	51.4%	\$ 870,041	930.22%
2016	17,495,267	7,783,854	9,711,413	44.5%	889,705	1091.53%
2017	17,584,767	8,029,317	9,555,450	45.7%	865,538	1103.99%
2018	16,996,465	8,801,715	8,194,750	51.8%	801,333	1022.64%
2019	17,162,733	8,501,975	8,660,758	49.5%	751,578	1152.34%
2020	17,878,254	9,801,719	8,076,535	54.8%	734,094	1100.20%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF ST. JOHNS, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System of Michigan

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 663,817	\$ 663,817	\$ -	\$ 879,873	75.44%
2016	702,800	702,800	-	877,622	80.08%
2017	762,754	762,754	-	870,370	87.64%
2018	844,980	1,077,978	(232,998)	803,255	134.20%
2019	987,300	1,520,012	(532,712)	765,340	198.61%
2020	962,484	1,379,984	(417,500)	766,778	179.97%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2020, based on the 12/31/17 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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CITY OF ST. JOHNS, MICHIGAN

■ Nonmajor Governmental Funds

Special Revenue Funds

Garbage - This fund accounts for the proceeds of garbage collection that are legally restricted to expenditures for the purpose of garbage collection.

Drug Law Enforcement - This 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 Funds

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

Capital Project Funds

Fantasy Forest - This fund accounts for funds received and expended for the construction of a city-owned playground structure.

Splash Park - This fund accounts for funds received and expended for the construction of a splash park structure.

Street Millage - This fund accounts for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's streets.

Revolving Special Assessment - This 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, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	
	Garbage	Drug Law Enforcement	2007 Building Authority Capital Improvement Bonds	Fantasy Forest	Splash Park
Assets					
Cash and cash equivalents	\$ 259,423	\$ 4,267	\$ 668	\$ 5,825	\$ 5,504
Special assessments receivable	-	-	-	-	-
Total assets	<u>\$ 259,423</u>	<u>\$ 4,267</u>	<u>\$ 668</u>	<u>\$ 5,825</u>	<u>\$ 5,504</u>
Liabilities					
Accounts payable	\$ 25,961	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	804	-	-	-	-
Due to other funds	20,552	-	-	-	-
Total liabilities	47,317	-	-	-	-
Deferred inflows of resources					
Unavailable revenue - special assessments	-	-	-	-	-
Fund balances					
Restricted	212,106	4,267	668	5,825	5,504
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 259,423</u>	<u>\$ 4,267</u>	<u>\$ 668</u>	<u>\$ 5,825</u>	<u>\$ 5,504</u>

Capital Projects Funds

Capital Projects Funds		
Street Millage	Revolving Special Assessment	Total
\$ 517	\$ 9,068	\$ 285,272
-	11,850	11,850
<u>\$ 517</u>	<u>\$ 20,918</u>	<u>\$ 297,122</u>
\$ -	\$ -	\$ 25,961
-	-	804
-	-	20,552
-	-	47,317
-	11,850	11,850
<u>517</u>	<u>9,068</u>	<u>237,955</u>
<u>\$ 517</u>	<u>\$ 20,918</u>	<u>\$ 297,122</u>

CITY OF ST. JOHNS, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	
	Garbage	Drug Law Enforcement	2007 Building Authority Capital Improvement Bonds	Fantasy Forest	Splash Park
Revenues					
Taxes	\$ 110,118	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,076	-	-	-	-
Charges for services	538,279	-	-	-	-
Interest and rentals	1,525	11	-	16	15
Other revenues	5,563	60	-	-	-
Total revenues	659,561	71	-	16	15
Expenditures					
Current:					
Public works	584,182	-	-	-	-
Recreation and culture	-	-	-	-	76
Debt service:					
Principal	-	-	185,000	-	-
Interest and fiscal charges	-	-	17,078	-	-
Total expenditures	584,182	-	202,078	-	76
Revenues over (under) expenditures	75,379	71	(202,078)	16	(61)
Other financing sources					
Transfers in	-	-	202,078	-	-
Net change in fund balances	75,379	71	-	16	(61)
Fund balances, beginning of year	136,727	4,196	668	5,809	5,565
Fund balances, end of year	\$ 212,106	\$ 4,267	\$ 668	\$ 5,825	\$ 5,504

Capital Projects Funds		
Street Millage	Revolving Special Assessment	Total
\$ 517	\$ -	\$ 110,635
-	-	4,076
-	-	538,279
-	24	1,591
-	2,617	8,240
517	2,641	662,821
-	-	584,182
-	-	76
-	-	185,000
-	-	17,078
-	-	786,336
517	2,641	(123,515)
-	-	202,078
517	2,641	78,563
-	6,427	159,392
<u>\$ 517</u>	<u>\$ 9,068</u>	<u>\$ 237,955</u>

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Garbage Special Revenue Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 106,500	\$ 106,500	\$ 110,118	\$ 3,618
Intergovernmental	3,000	3,000	4,076	1,076
Charges for services	532,400	532,400	538,279	5,879
Interest and rentals	-	-	1,525	1,525
Other revenues	-	-	5,563	5,563
Total revenues	641,900	641,900	659,561	17,661
Expenditures				
Current -				
Public works	647,500	654,970	584,182	(70,788)
Net change in fund balance	(5,600)	(13,070)	75,379	88,449
Fund balance, beginning of year	136,727	136,727	136,727	-
Fund balance, end of year	\$ 131,127	\$ 123,657	\$ 212,106	\$ 88,449

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Drug Law Enforcement Fund Special Revenue Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 11	\$ 11
Other revenues	-	-	60	60
Total revenues	-	-	71	71
Fund balance, beginning of year	4,196	4,196	4,196	-
Fund balance, end of year	\$ 4,196	\$ 4,196	\$ 4,267	\$ 71

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 2007 Building Authority Capital Improvement Bonds Debt Service Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Debt service:				
Principal	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Interest and fiscal charges	17,078	17,078	17,078	-
Total expenditures	202,078	202,078	202,078	-
Revenues under expenditures	(202,078)	(202,078)	(202,078)	-
Other financing sources				
Transfers in	202,078	202,078	202,078	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	668	668	668	-
Fund balance, end of year	\$ 668	\$ 668	\$ 668	\$ -

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Fantasy Forest Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 16	\$ 16
Expenditures				
Current -				
Recreation and culture	2,000	2,000	-	(2,000)
Net change in fund balance	(2,000)	(2,000)	16	2,016
Fund balance, beginning of year	5,809	5,809	5,809	-
Fund balance, end of year	<u>\$ 3,809</u>	<u>\$ 3,809</u>	<u>\$ 5,825</u>	<u>\$ 2,016</u>

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Splash Park Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 15	\$ 15
Expenditures				
Current -				
Recreation and culture	-	-	76	76
Net change in fund balance	-	-	(61)	(61)
Fund balance, beginning of year	5,565	5,565	5,565	-
Fund balance, end of year	<u>\$ 5,565</u>	<u>\$ 5,565</u>	<u>\$ 5,504</u>	<u>\$ (61)</u>

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Street Millage Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 517	\$ 517
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517</u>	<u>\$ 517</u>

CITY OF ST. JOHNS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Revolving Special Assessment Capital Projects Fund
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 24	\$ 24
Other revenues	2,000	2,000	2,617	617
Total revenues	2,000	2,000	2,641	641
Fund balance, beginning of year	6,427	6,427	6,427	-
Fund balance, end of year	\$ 8,427	\$ 8,427	\$ 9,068	\$ 641

CITY OF ST. JOHNS, MICHIGAN

Agency Funds

Trust and Agency Fund - This fund is used to account for receipt and disbursement of payroll withholdings.

Current Tax Collection Fund - This fund accounts for current tax collections. All current tax monies collected by the City are receipted into this fund and later distributed to other funds and governmental units.

CITY OF ST. JOHNS, MICHIGAN

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2020

	Trust and Agency	Current Tax Collection	Total
Assets			
Cash and cash equivalents	<u>\$ 1,810</u>	<u>\$ 1,156</u>	<u>\$ 2,966</u>
Liabilities			
Due to other governments	<u>\$ 1,810</u>	<u>\$ 1,156</u>	<u>\$ 2,966</u>

CITY OF ST. JOHNS, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<i>Trust and Agency</i>				
Assets				
Cash and cash equivalents	\$ 3,855	\$ 935,596	\$ (937,641)	\$ 1,810
Liabilities				
Due to other governments	\$ 3,855	\$ 935,596	\$ (937,641)	\$ 1,810
<i>Current Tax Collection</i>				
Assets				
Cash and cash equivalents	\$ 1,000	\$ 10,057,197	\$ (10,057,041)	\$ 1,156
Liabilities				
Due to other governments	\$ 1,000	\$ 10,057,197	\$ (10,057,041)	\$ 1,156
<i>Total</i>				
Assets				
Cash and cash equivalents	\$ 4,855	\$ 10,992,793	\$ (10,994,682)	\$ 2,966
Liabilities				
Due to other governments	\$ 4,855	\$ 10,992,793	\$ (10,994,682)	\$ 2,966

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STATISTICAL SECTION

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CITY OF ST. JOHNS, MICHIGAN

Statistical Section Table of Contents

This part of the City's Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City of St. Johns.

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Financial Trends Tables 1 - 4	These schedules contain trend information to help the reader understand and evaluate how the City's financial condition, performance and well-being have changed over time.	88-97
Revenue Capacity Tables 5 - 8	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax.	98-105
Debt Capacity Tables 9 - 12	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	106-113
Demographic and Economic Information Tables 13 - 14	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City's financial activities.	114-115
Operating Information Tables 15 - 17	These schedules contain information about the City's operations and resources 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.	116-121

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

CITY OF ST. JOHNS, MICHIGAN

Net Position By Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 5,117,902	\$ 5,764,422	\$ 5,545,869	\$ 5,528,294
Restricted	998,387	1,266,665	1,444,773	1,448,811
Unrestricted (deficit)	<u>2,620,011</u>	<u>2,068,629</u>	<u>1,921,027</u>	<u>1,858,441</u>
Total governmental activities net position	<u>8,736,300</u>	<u>9,099,716</u>	<u>8,911,669</u>	<u>8,835,546</u>
Business-type activities				
Net investment in capital assets	5,392,596	4,993,664	4,878,351	5,100,038
Restricted	1,301,369	1,316,369	1,323,869	1,241,700
Unrestricted (deficit)	<u>3,482,511</u>	<u>3,489,385</u>	<u>3,059,535</u>	<u>2,909,945</u>
Total business-type activities net position	<u>10,176,476</u>	<u>9,799,418</u>	<u>9,261,755</u>	<u>9,251,683</u>
Primary government				
Net investment in capital assets	10,510,498	10,758,086	10,424,220	10,628,332
Restricted	2,299,756	2,583,034	2,768,642	2,690,511
Unrestricted (deficit)	<u>6,102,522</u>	<u>5,558,014</u>	<u>4,980,562</u>	<u>4,768,386</u>
Total primary government net position	<u>\$ 18,912,776</u>	<u>\$ 18,899,134</u>	<u>\$ 18,173,424</u>	<u>\$ 18,087,229</u>

Source: City of St. Johns Basic Financial Statements

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

Table 1
Unaudited

2015	2016	2017	2018	2019	2020
\$ 6,713,405	\$ 8,036,749	\$ 8,517,535	\$ 9,347,297	\$ 10,113,212	\$ 10,883,269
1,243,761	731,998	689,664	866,424	1,040,645	1,145,645
<u>(3,222,810)</u>	<u>(3,533,847)</u>	<u>(3,894,379)</u>	<u>(3,442,469)</u>	<u>(3,206,153)</u>	<u>(2,884,923)</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>
5,443,887	5,383,065	5,167,990	4,909,221	4,874,133	4,272,845
1,267,273	1,273,055	1,495,705	1,297,632	1,099,042	1,166,811
<u>(316,146)</u>	<u>(853,900)</u>	<u>(1,267,218)</u>	<u>(623,091)</u>	<u>(627,322)</u>	<u>77,476</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>
12,157,292	13,419,814	13,685,525	14,256,518	14,987,345	15,156,114
2,511,034	2,005,053	2,185,369	2,164,056	2,139,687	2,312,456
<u>(3,538,956)</u>	<u>(4,387,747)</u>	<u>(5,161,597)</u>	<u>(4,065,560)</u>	<u>(3,833,475)</u>	<u>(2,807,447)</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>

CITY OF ST. JOHNS, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 1,555,276	\$ 1,625,884	\$ 1,569,775	\$ 1,533,050
Public safety	1,778,851	1,232,431	1,309,145	1,405,036
Public works	2,509,856	2,075,051	2,173,149	2,067,006
Community and economic development	129,014	-	604	-
Recreation and culture	644,178	658,138	763,370	633,608
Interest on long-term debt	168,274	185,327	128,460	126,170
Total governmental activities expenses	<u>6,785,449</u>	<u>5,776,831</u>	<u>5,944,503</u>	<u>5,764,870</u>
Business-type activities:				
Water and sewer	<u>3,517,857</u>	<u>3,971,813</u>	<u>3,784,453</u>	<u>3,775,216</u>
Total primary government expenses	<u>10,303,306</u>	<u>9,748,644</u>	<u>9,728,956</u>	<u>9,540,086</u>
Program revenues				
Governmental activities:				
Charges for services:				
Refuse collection	589,790	579,000	599,455	606,533
Other public works	638,751	627,066	649,219	656,884
Other activities	407,651	400,194	414,332	419,224
Operating grants and contributions	764,496	1,402,983	978,150	941,965
Capital grants and contributions	499,447	67,851	63,224	-
Total governmental activities program revenues	<u>2,900,135</u>	<u>3,077,094</u>	<u>2,704,380</u>	<u>2,624,606</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,352,400	3,356,057	3,426,030	3,395,952
Other activities	5,000	5,000	5,000	5,000
Capital grants and contributions	950	152,417	101,918	44,918
Total business-type activities program revenues	<u>3,358,350</u>	<u>3,513,474</u>	<u>3,532,948</u>	<u>3,445,870</u>
Total primary government program revenues	<u>6,258,485</u>	<u>6,590,568</u>	<u>6,237,328</u>	<u>6,070,476</u>

Table 2
Unaudited

	2015	2016	2017	2018	2019	2020
\$	1,239,099	\$ 1,679,719	\$ 1,681,359	\$ 1,404,660	\$ 1,904,280	\$ 2,146,539
	1,465,663	1,734,544	1,777,613	1,367,562	1,324,342	1,557,120
	1,987,632	2,137,325	2,103,309	1,972,143	2,142,768	2,241,780
	-	-	-	-	-	-
	909,829	772,324	748,442	319,239	458,453	380,473
	101,805	82,107	67,377	78,603	5,728	22,759
	<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>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>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>
	623,608	593,255	641,906	537,662	619,344	606,439
	675,377	761,392	730,367	883,208	670,760	656,783
	431,026	370,199	325,005	-	428,079	419,159
	1,035,542	981,267	892,971	1,284,404	1,609,373	2,022,365
	-	432,819	40,946	62,392	-	-
	<u>2,765,553</u>	<u>3,138,932</u>	<u>2,631,195</u>	<u>2,767,666</u>	<u>3,327,556</u>	<u>3,704,746</u>
	3,362,116	3,496,444	3,725,054	3,825,370	3,987,169	4,277,466
	5,000	-	-	-	-	-
	-	-	-	-	-	-
	<u>3,367,116</u>	<u>3,496,444</u>	<u>3,725,054</u>	<u>3,825,370</u>	<u>3,987,169</u>	<u>4,277,466</u>
	<u>6,132,669</u>	<u>6,635,376</u>	<u>6,356,249</u>	<u>6,593,036</u>	<u>7,314,725</u>	<u>7,982,212</u>

continued...

CITY OF ST. JOHNS, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
Net (expense)/revenue				
Governmental activities	\$ (3,885,314)	\$ (2,699,737)	\$ (3,240,124)	\$ (3,140,264)
Business-type activities	(159,507)	(458,339)	(251,505)	(329,346)
Total primary government net expense	(4,044,821)	(3,158,076)	(3,491,629)	(3,469,610)
General revenues				
Governmental activities:				
Taxes	2,221,376	2,227,200	2,203,982	2,185,855
State shared revenue	618,149	647,375	665,287	683,247
Investment earnings	5,684	2,946	1,839	2,563
Gain on sale of capital assets	53,556	9,327	-	-
Miscellaneous	555,118	130,326	147,536	164,217
Special item - disposal of operations	-	-	-	-
Transfers	27,388	45,979	33,433	28,259
Total governmental activities	3,481,271	3,063,153	3,052,077	3,064,141
Business-type activities:				
Investment earnings	2,830	2,730	1,816	1,850
Gain on sale of capital assets	-	-	-	-
Miscellaneous	66,984	124,530	107,053	56,849
Transfers	(45,979)	(33,433)	(28,259)	(28,259)
Total business-type activities	23,835	93,827	80,610	30,440
Total primary government	3,505,106	3,156,980	3,132,687	3,094,581
Change in net position				
Governmental activities	(404,043)	363,416	(188,047)	(76,123)
Business-type activities	(135,672)	(364,512)	(170,895)	(298,906)
Total primary government	\$ (539,715)	\$ (1,096)	\$ (358,942)	\$ (375,029)

Source: City of St. Johns Basic Financial Statements

Table 2
Unaudited

2015	2016	2017	2018	2019	2020
\$ (2,938,475)	\$ (3,267,087)	\$ (3,746,905)	\$ (2,374,541)	\$ (2,508,015)	\$ (2,643,925)
(417,323)	(563,157)	494,853	144,857	(380,261)	44,331
<u>(3,355,798)</u>	<u>(3,830,244)</u>	<u>(3,252,052)</u>	<u>(2,229,684)</u>	<u>(2,888,276)</u>	<u>(2,599,594)</u>
2,962,510	2,979,385	2,800,215	2,882,943	2,720,724	2,980,885
695,460	694,890	725,154	751,862	781,138	764,376
2,117	2,929	5,320	8,867	11,640	24,674
-	-	-	-	122,471	23,300
197,891	193,325	265,877	166,859	21,331	19,574
-	(402,417)	-	-	-	-
28,259	28,259	28,259	22,442	27,163	27,403
<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>
1,552	3,885	9,101	11,515	20,754	18,836
-	-	-	-	3,000	15,000
74,158	83,716	108,268	53,355	145,761	120,515
(22,442)	(28,259)	(28,259)	(22,442)	(27,163)	(27,403)
<u>53,268</u>	<u>59,342</u>	<u>89,110</u>	<u>42,428</u>	<u>142,352</u>	<u>126,948</u>
<u>3,939,505</u>	<u>3,555,713</u>	<u>3,913,935</u>	<u>3,875,401</u>	<u>3,826,819</u>	<u>3,967,160</u>
947,762	229,284	77,920	1,458,432	1,176,452	1,196,287
(364,055)	(503,815)	(405,743)	187,285	(237,909)	171,279
<u>\$ 583,707</u>	<u>\$ (274,531)</u>	<u>\$ (327,823)</u>	<u>\$ 1,645,717</u>	<u>\$ 938,543</u>	<u>\$ 1,367,566</u>

concluded

CITY OF ST. JOHNS, MICHIGAN

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
General fund				
Nonspendable	\$ 48,002	\$ 41,359	\$ 42,736	\$ 32,741
Assigned	408,000	958,329	1,000,000	1,000,000
Unassigned	1,283,782	870,000	926,946	1,042,160
Total general fund	\$ 1,739,784	\$ 1,869,688	\$ 1,969,682	\$ 2,074,901
All other governmental funds				
Nonspendable	\$ 2,263	\$ 3,454	\$ 3,711	\$ 4,388
Restricted	1,043,108	1,266,693	1,488,290	1,492,147
Assigned	692,980	292,881	43,000	42,500
Unassigned (deficit)	-	-	-	(181,764)
Total all other governmental funds	\$ 1,738,351	\$ 1,563,028	\$ 1,535,001	\$ 1,357,271

Source: City of St. Johns basic financial statements

Table 3
Unaudited

2015	2016	2017	2018	2019	2020
\$ 75,240	\$ 36,101	\$ 87,790	\$ 32,020	\$ 60,962	\$ 80,501
1,000,000	1,000,000	866,000	-	-	-
<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>\$ 2,185,965</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>
\$ 3,637	\$ -	\$ -	\$ -	\$ -	\$ -
1,274,773	731,998	689,664	866,424	1,041,313	1,146,313
53,529	-	-	-	-	-
<u>(220,947)</u>	<u>(275,718)</u>	<u>(412,408)</u>	<u>(125,297)</u>	<u>(363,422)</u>	<u>-</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>

CITY OF ST. JOHNS, MICHIGAN

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
Revenues				
Taxes	\$ 2,329,348	\$ 2,277,465	\$ 2,251,154	\$ 2,225,155
Licenses and permits	102,946	81,033	113,824	117,345
Intergovernmental	1,913,806	2,007,475	1,509,187	1,526,236
Charges for services	1,376,929	1,466,169	1,483,161	1,508,850
Fines and forfeitures	33,329	36,882	40,735	35,059
Interest and rentals	26,023	25,103	26,843	22,863
Contributions	-	-	-	-
Other revenue	623,945	241,060	345,010	263,193
Total revenues	6,406,326	6,135,187	5,769,914	5,698,701
Expenditures				
Current:				
General government	1,378,628	1,408,439	1,375,062	1,450,796
Public safety	1,704,683	1,258,157	1,277,285	1,379,660
Public works	1,352,048	2,237,409	1,710,335	1,516,231
Community and economic development	129,014	-	604	-
Recreation and cultural	576,568	565,342	675,316	577,225
Debt service				
Principal	438,697	399,218	425,955	399,363
Interest	174,416	164,439	139,505	123,086
Capital outlay	843,617	193,581	127,318	353,110
Total expenditures	6,597,671	6,226,585	5,731,380	5,799,471
Revenues over (under) expenditures	(191,345)	(91,398)	38,534	(100,770)
Other financing sources (uses)				
Proceeds from issuance of long-term debt	51,115	-	-	-
Transfers in	991,601	748,045	645,616	455,013
Transfers out	(964,213)	(702,066)	(612,183)	(426,754)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	78,503	45,979	33,433	28,259
Special item - disposal of operations	-	-	-	-
Net change in fund balances	\$ (112,842)	\$ (45,419)	\$ 71,967	\$ (72,511)
Debt service as a percentage of noncapital expenditures	10.66%	9.34%	10.09%	9.59%

Source: City of St. Johns Basic Financial Statements

Table 4
Unaudited

	2015	2016	2017	2018	2019	2020
\$	3,001,810	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,745,039	\$ 2,982,861
	117,171	16,481	18,362	22,770	141,560	128,189
	1,634,860	1,733,976	1,659,071	2,086,068	1,970,801	2,538,308
	1,534,362	1,545,567	1,585,772	1,495,230	1,519,899	1,505,251
	33,629	40,955	34,392	25,939	25,629	19,546
	23,912	25,627	28,872	33,977	34,264	48,513
	-	-	-	-	36,655	-
	294,033	256,078	302,710	215,644	404,386	268,007
	<u>6,639,777</u>	<u>6,598,069</u>	<u>6,429,394</u>	<u>6,762,571</u>	<u>6,878,233</u>	<u>7,490,675</u>
	1,330,285	1,393,180	1,464,770	1,552,741	1,648,019	1,627,015
	1,433,635	1,518,968	1,656,139	1,595,507	1,684,724	1,778,214
	1,522,377	1,572,503	1,519,479	1,468,507	2,587,201	2,677,921
	-	-	-	-	-	-
	833,274	655,916	281,026	293,499	401,712	308,998
	425,109	340,872	361,653	1,415,453	345,270	202,453
	107,777	89,847	74,412	68,910	25,874	17,078
	1,150,794	1,321,621	1,327,672	1,232,138	158,788	335,382
	<u>6,803,251</u>	<u>6,892,907</u>	<u>6,685,151</u>	<u>7,626,755</u>	<u>6,851,588</u>	<u>6,947,061</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>
	-	-	-	1,116,042	-	-
	426,921	546,216	328,624	326,633	1,254,832	335,782
	(398,662)	(517,957)	(300,365)	(304,191)	(1,227,669)	(308,379)
	-	-	-	-	106,162	-
	<u>28,259</u>	<u>28,259</u>	<u>28,259</u>	<u>1,138,484</u>	<u>133,325</u>	<u>27,403</u>
	-	(323,264)	-	-	-	-
\$	<u>(135,215)</u>	<u>(589,843)</u>	<u>(227,498)</u>	<u>274,300</u>	<u>159,970</u>	<u>571,017</u>
	<u>9.43%</u>	<u>7.73%</u>	<u>8.14%</u>	<u>23.21%</u>	<u>6.53%</u>	<u>3.97%</u>

CITY OF ST. JOHNS, MICHIGAN

Revenue Capacity Information

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Developmental	Personal	Special Act Parcels
2010	2011	\$ 138,780,365	\$ 36,131,503	\$ 13,935,325	\$ 328,301	\$ 18,623,300	\$ 4,586,224
2011	2012	136,072,875	42,579,284	5,059,314	316,909	17,807,200	3,894,647
2012	2013	131,689,328	42,825,605	4,766,258	323,855	17,823,100	3,933,278
2013	2014	130,806,543	44,727,741	4,561,030	340,132	17,360,000	3,915,000
2014	2015	131,636,561	43,814,183	4,254,867	325,085	14,454,400	4,742,800
2015	2016	130,490,412	42,824,938	4,248,343	296,801	15,299,600	4,107,079
2016	2017	133,344,131	44,042,207	3,623,843	-	14,746,700	3,271,398
2017	2018	136,584,114	45,544,434	3,629,201	-	13,540,615	2,973,906
2018	2019	141,317,631	47,058,207	3,615,563	-	13,023,600	2,852,651
2019	2020	146,649,825	49,566,861	4,622,968	-	15,549,400	2,364,912

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 2023 tax levy years.

Table 5
Unaudited

Total Taxable Value	Direct Tax Rate (mills) (1)	Total SEV	Taxable Value as a % of SEV
\$ 212,385,018	11.1583	\$ 232,586,200	91.3%
205,730,229	11.1682	220,387,400	93.3%
201,361,424	11.1737	211,779,600	95.1%
201,710,446	11.1732	210,046,200	96.0%
199,227,896	15.1775	207,224,500	96.1%
197,267,173	15.1763	212,672,100	92.8%
199,028,279	14.6812	219,714,225	90.6%
202,272,270	14.1848	236,081,315	85.7%
207,867,652	13.1776	249,636,600	83.3%
218,753,966	13.6569	261,540,900	83.6%

CITY OF ST. JOHNS, MICHIGAN

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Tax Year	City of St. Johns					
	General	Econ. Dev.	Garbage (4)	Library	Streets (3)	Total
2011	9.4360	0.2477	0.5000	0.9845	0.0000	11.1682
2012	9.4360	0.2532	0.5000	0.9845	0.0000	11.1737
2013	9.4360	0.2527	0.5000	0.9845	0.0000	11.1732
2014	9.4360	0.2570	0.5000	0.9845	4.0000	15.1775
2015	9.4360	0.2558	0.5000	0.9845	4.0000	15.1763
2016	9.4360	0.2530	0.5000	0.4922	4.0000	14.6812
2017	9.4360	0.2488	0.5000	0.0000	4.0000	14.1848
2018	9.4360	0.2416	0.5000	0.0000	3.0000	13.1776
2019	9.9430	0.2310	0.5000	0.0000	2.9829	13.6569
2020	9.9052	0.2200	0.5000	0.0000	2.9715	13.5967

Source: Tax warrants issued by City Assessor

- (1) Rate per \$1,000 of taxable value
- (2) St. Johns Public Schools' rate indicated homestead millage. For non-homestead, add 18.0000 mills.
- (3) 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 was reduced due to a Headlee rollback.
- (4) In addition to the 0.5000 Mills, each residential dwelling unit is charged \$140 - \$200 for annual trash service.
- (5) By Charter, the City of St. Johns can levy up to 10 mills. Tax rates above represent a Headlee Rollback.
- (6) Michigan ACT 359 limits the amount for economic development to \$50,000. The millage rate is adjusted to come as close to this amount as possible.

Table 6
Unaudited

St. Johns Public Schools (2)	Clinton County	Clinton County Regional Educational Service Agency	Clinton Transit	State Education Tax	District Library	Total
7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9297
7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9352
7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9347
7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9390
7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9378
7.0000	5.7953	3.7615	1.9980	6.0000	0.7500	39.9860
7.0000	5.7877	3.7520	0.1998	6.0000	0.7500	37.6743
7.0000	5.7877	3.7482	0.1998	6.0000	0.7500	36.6633
7.0000	5.7976	3.8154	0.1996	6.0000	0.7494	37.2189
7.0000	5.7961	3.7967	0.1984	6.0000	0.7476	37.1355

CITY OF ST. JOHNS, MICHIGAN

Principal Property Taxpayers

June 30, 2020 and Nine Years Ago

Taxpayer	2020		
	Taxable Value	Rank	Total Taxable Value
Consumers Energy	\$ 6,918,397	1	2.91%
Save-A-Lot	5,870,300	2	2.47%
ITC	3,491,200	3	1.47%
Mahle	3,426,146	4	1.44%
1035 US 27 LLC	3,224,294	5	1.36%
Lone Oak - St Johns LLC	3,003,915	6	1.26%
Glick Suntree LLC	2,057,786	7	0.87%
Clinton Commons	1,613,212	8	0.68%
MartonBrower Co LLC	1,605,900	9	0.68%
Young Family Real Estate LLC	1,458,300	10	0.61%
Allied Ring Co.	-	-	0.00%
Harry's St. Johns LLC	-	-	0.00%
Barnard Manufacturing	-	-	0.00%
CCS/Lansing Inc.	-	-	0.00%
Kroger	-	-	0.00%
M&M	-	-	0.00%
Totals	\$ 32,669,450		13.74%

Source: City assessors office & 2011 financial statements

Table 7
Unaudited

2011		
Taxable Value	Rank	Total Taxable Value
\$ 2,500,300	4	1.22%
6,365,100	1	3.11%
-	-	0.00%
4,279,000	2	2.09%
-	-	0.00%
-	-	0.00%
-	-	0.00%
1,568,300	6	0.77%
-	-	0.00%
-	-	0.00%
3,707,300	3	1.81%
1,663,900	5	0.81%
1,344,800	7	0.66%
1,300,892	8	0.64%
1,177,100	9	0.58%
1,021,200	10	0.50%
<u>\$ 24,927,892</u>		<u>12.19%</u>

CITY OF ST. JOHNS, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30,	General	Street Millage	Economic Development	Library	Garbage	Total Tax Levy
2011	\$ 1,962,400	\$ -	\$ 49,455	\$ 204,746	\$ 103,985	\$ 2,320,586
2012	1,904,505	-	49,978	198,691	100,913	2,254,087
2013	1,864,987	-	50,044	194,582	98,823	2,208,436
2014	1,866,384	-	49,967	194,714	98,894	2,209,959
2015	1,835,148	777,936	49,968	191,456	97,238	2,951,746
2016	1,822,644	772,634	49,395	190,151	96,573	2,931,397
2017	1,834,749	777,762	49,179	95,689	97,209	2,854,588
2018	1,880,565	797,183	49,570	-	99,637	2,826,955
2019	1,929,475	613,434	49,388	-	102,241	2,694,538
2020	2,153,826	646,137	50,024	-	108,297	2,958,284

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

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

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

Table 8
Unaudited

Amount collected in fiscal year of levy		Amount Collected in Subsequent Years/ Received from County	Total Tax Collections	Percent Collected
Amount	Percentage			
\$ 2,199,901	94.80%	\$ -	\$ 2,199,901	94.80%
2,150,767	95.42%	-	2,150,767	95.42%
2,188,777	99.11%	-	2,188,777	99.11%
2,203,855	99.72%	-	2,203,855	99.72%
2,844,685	96.37%	107,051	2,951,736	100.00%
2,858,694	97.52%	70,139	2,928,833	99.91%
2,783,754	97.52%	70,835	2,854,589	100.00%
2,778,227	98.28%	45,994	2,824,221	99.90%
2,642,437	98.07%	51,909	2,694,346	99.99%
2,905,278	98.21%	46,970	2,952,248	99.80%

CITY OF ST. JOHNS, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Population	Taxable Value of Property	Governmental Activities		
			General Obligation Bonds	Special Assessment Bonds	Notes and Loans
2011	7,865	\$ 212,385,018	\$ 3,430,000	\$ -	\$ 634,474
2012	7,865	205,730,229	3,110,000	-	575,178
2013	7,865	201,361,424	2,770,000	-	421,245
2014	7,865	201,710,446	2,420,000	-	346,278
2015	7,865	199,227,896	2,045,000	-	269,466
2016	7,865	197,267,173	1,755,000	-	571,067
2017	7,865	199,028,279	1,445,000	-	483,601
2018	7,865	202,272,270	1,201,000	-	410,509
2019	7,865	207,867,652	909,000	-	335,949
2020	7,865	218,753,966	724,000	-	546,136

Sources: 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 Table 13.

Table 9
Unaudited

Business-type Activities				
Revenue Bonds	Notes and Loans	Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita
\$ 12,560,000	\$ 70,585	\$ 16,695,059	7.86%	\$ 2,123
12,360,000	62,954	16,108,132	7.83%	2,048
11,711,774	55,323	14,958,342	7.43%	1,902
11,321,566	47,692	14,135,536	7.01%	1,797
10,794,132	40,061	13,148,659	6.60%	1,672
10,241,697	32,430	12,600,194	6.39%	1,602
9,910,000	24,797	11,863,398	5.96%	1,508
9,265,000	17,168	10,893,677	5.39%	1,385
8,765,000	9,537	10,019,486	4.82%	1,274
11,380,000	382,988	13,033,124	5.96%	1,657

CITY OF ST. JOHNS, MICHIGAN

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Population (4)	Taxable Value of Property (5)	General Obligation Bonds (1) (2)	Bonded Debt Service Funds Available (1) (3)	Net General Bonded Debt
2011	7,865	\$ 212,385,018	\$ 3,430,000	\$ 325,410	\$ 3,104,590
2012	7,865	205,730,229	3,110,000	308,214	2,801,786
2013	7,865	201,361,424	2,770,000	200,975	2,569,025
2014	7,865	201,710,446	2,420,000	140,106	2,279,894
2015	7,865	199,227,896	2,045,000	85,205	1,959,795
2016	7,865	197,267,173	1,755,000	84,546	1,670,454
2017	7,865	199,028,279	1,445,000	-	1,445,000
2018	7,865	202,272,270	1,201,000	-	1,201,000
2019	7,865	207,867,652	909,000	-	909,000
2020	7,865	218,753,966	724,000	-	724,000

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

Table 10
Unaudited

Net Debt to Assessed Value	Net Debt Per Capita
1.46%	\$ 394.73
1.36%	356
1.28%	327
1.13%	290
0.98%	249
0.85%	212
0.73%	184
0.59%	153
0.44%	116
0.33%	92

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Direct and Overlapping Governmental Activities Debt
June 30, 2020

Governmental Unit	Debt Outstanding (1)	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Debt
St. Johns Public Schools	\$ 46,685,953	31.36%	\$ 14,640,715
Clinton County	322,626	7.53%	24,294
Total overlapping debt	47,008,579		14,665,009
City of St. Johns	1,270,136	100.00%	1,270,136
Total direct and overlapping debt	<u>\$ 48,278,715</u>		<u>\$ 15,935,145</u>

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

CITY OF ST. JOHNS, MICHIGAN

Legal Debt Margin

Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Legal debt limit	\$ 22,022,420	\$ 21,177,120	\$ 21,041,120	\$ 20,721,580	\$ 21,264,338
Total net debt applicable to limit	<u>4,370,145</u>	<u>3,641,732</u>	<u>3,191,245</u>	<u>2,766,278</u>	<u>2,314,466</u>
Legal debt margin	<u>\$ 17,652,275</u>	<u>\$ 17,535,388</u>	<u>\$ 17,849,875</u>	<u>\$ 17,955,302</u>	<u>\$ 18,949,872</u>
 Total net debt applicable to the limit as a percentage of debt limit	 19.84%	 17.20%	 15.17%	 13.35%	 10.88%

Source: City of St. Johns Treasurer's Office

(1) Source: Clinton County equalization report.

Table 12
Unaudited

2016	2017	2018	2019	2020
\$ 21,967,892	\$ 23,384,642	\$ 24,327,860	\$ 25,788,320	\$ 28,215,320
<u>1,755,000</u>	<u>1,445,000</u>	<u>1,201,000</u>	<u>909,000</u>	<u>1,653,124</u>
<u>\$ 20,212,892</u>	<u>\$ 21,939,642</u>	<u>\$ 23,126,860</u>	<u>\$ 24,879,320</u>	<u>\$ 26,562,196</u>

7.99% 6.18% 4.94% 3.52% 5.86%

Legal Debt Margin Calculation for Fiscal Year 2020

State equalized value	\$ 218,753,966
Debt limit (10% of total state equalized value)	21,875,397
Debt applicable to limit	<u>1,653,124</u>
Legal debt margin	<u>\$ 20,222,273</u>

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1 & 2)	Personal Income	Per Capita Personal Income (3)(6)	Per Capita Unemployment Rate (5)
2011	7,865	\$ 273,009,880	\$ 34,712	8.40%
2012	7,865	278,885,035	35,459	7.40%
2013	7,865	285,633,205	36,317	7.20%
2014	7,865	288,323,035	36,659	5.90%
2015	7,865	297,792,495	37,863	4.30%
2016	7,865	299,955,370	38,138	4.50%
2017	7,865	315,764,020	40,148	4.00%
2018	7,865	-	(4)	3.20%
2019	7,865	-	(4)	3.30%
2020	7,865	-	(4)	3.30%

Data Sources:

- (1) Source: 2000 Census report
- (2) Source: 2010 Census report
- (3) Source: Bureau of Economic Analysis: Regional Economic Accounts
- (4) Data for 2018, 2019 and 2020 is not readily available
- (5) Source: Bureau of Labor Statistics
- (6) 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.

CITY OF ST. JOHNS, MICHIGAN

Table 14
Unaudited

Principal Employers
June 30, 2020 and 2011

	2020		2011	
	Number of Jobs (1)(2)	Percentage of Workforce	Number of Jobs (1)(2)	Percentage of Workforce
Government	67,300	28.32%	60,700	27.52%
Trade, Transportation & Utilities	36,500	15.36%	33,000	14.96%
Educational & Health Services	32,700	13.76%	32,000	14.51%
Professional & Business Services	24,500	10.31%	21,400	9.70%
Leisure & Hospitality	19,400	8.16%	17,000	7.71%
Manufacturing	19,100	8.04%	18,400	8.34%
Financial Activities	17,000	7.15%	13,300	6.03%
Other Services	10,200	4.29%	15,259	6.92%
Construction & Mining	8,100	3.41%	6,800	3.08%
Information	2,800	1.18%	2,700	1.22%
Totals	<u>237,600</u>		<u>220,559</u>	

(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, MICHIGAN

Full-time Equivalent City Employees by Function Last Ten Fiscal Years

Function						
	2011	2012	2013	2014	2015	2016
General government	8	8	8	8	8	8
Public safety (1)	10	10	10	11	11	12
Public works	18	18	18	22	22	21
Community and economic development	1	1	1	1	1	1
Recreation and culture	5	5	5	7	8	8
Total	42	42	42	49	50	50

Source: City of St. Johns Clerk's Office

(1) The City currently has two (2) Police Union contracts: Command Officers Association of Michigan (COAM) and Police Officers Association of Michigan (POAM).

COAM covers two (2) sergeants and the term is from 7/1/2018 to 6/30/2022. POAM covers six (6) police officers and the term is from 7/1/2018 to 6/30/2022.

Table 15
Unaudited

2017	2018	2019	2020
8	7	7	7
12	11	11	11.5
19	18	18	18
1	1	1	1
3	3	3	2
<u>43</u>	<u>40</u>	<u>40</u>	<u>39.5</u>

CITY OF ST. JOHNS, MICHIGAN

Operating Indicators by Function Last Ten Calendar Years

Function	2011	2012	2013	2014
Public safety (1)				
Physical arrests	230	338	404	329
Parking violations	1,046	886	1,071	1,086
Traffic violations	712	1,048	1,041	893
Emergency fire responses	35	59	83	114
Public works (2)				
Street resurfacing (miles)	0.27	1.21	0.99	0.53
Number of water meters	3,280	3,282	3,321	3,321
Average daily water consumption (gallons)	608,000	622,000	671,000	657,000
Peak daily water consumption	1,650,000	1,300,000	1,410,000	1,393,000
Average daily sewage treatment	1,084,000	1,200,000	1,090,000	1,200,000
Recreation and culture (3)				
Volumes of library collection	42,423	44,772	45,380	44,657
Volumes borrowed from library	126,059	108,602	93,611	89,559

(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 our financial statements.

Table 16
Unaudited

2015	2016	2017	2018	2019	2020
272	316	296	242	203	159
962	893	951	822	717	581
862	901	908	840	608	539
93	109	126	167	166	222
3.80	3.34	3.30	3.19	2.00	2.50
3,252	3,262	3,317	3,334	3,342	3,342
658,000	588,000	713,000	725,000	725,000	725,000
1,120,000	1,015,000	1,410,000	1,611,800	1,600,000	1,600,000
1,250,000	1,148,166	1,454,000	1,365,000	1,400,000	1,430,000
47,071	48,637	(3)	(3)	(3)	(3)
82,670	86,482	(3)	(3)	(3)	(3)

CITY OF ST. JOHNS, MICHIGAN

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015
Public safety (1)					
Police protection					
Number of stations	1	1	1	1	1
Fire protection					
Number of stations	1	1	1	1	1
Public works (2)					
Streets					
Streets (per lane mile)	80	80	87	87	87
Traffic signals	4	4	4	4	4
Water					
Mains (miles)	50	50	52	52	52
Fire hydrants	437	437	431	432	432
Storage capacity (gallons)	900,000	900,000	900,000	900,000	900,000
Waste water					
Sanitary sewers (miles)	43	43	43	43	43
Storm sewers (miles)	32	32	32	32	32
Treatment capacity (million gallons per day)	2.5	2.5	2.5	2.5	2.9
Recreation and culture (3)					
Parks (acres)	94	94	94	97	97
Playgrounds	6	6	6	6	6
Municipal swimming pools	-	-	-	-	-
Tennis courts	4	4	4	4	4
Softball diamonds	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

Table 17
Unaudited

2016	2017	2018	2019	2020
1	1	1	1	1
1	1	1	1	1
87	87	89	89	89
4	4	4	4	4
52	52	54	56	56
432	432	436	467	467
900,000	900,000	900,000	900,000	900,000
43	43	43	43	43
32	32	32	32	32
2.9	2.6	2.6	2.6	2.6
97	97	97	97	97
6	6	6	6	6
1	1	1	1	1
4	4	4	4	4
1	1	1	1	1

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Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

December 9, 2020

Honorable Mayor and
Members of the City Commission
City of St. Johns
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 the *City of St. Johns, Michigan* (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Rehmann is an independent member of Nexia International.



5800 Gratiot, Suite 201, Saginaw, MI 48638 989.799.9580

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Rehmann Lohman LLC

CITY OF ST. JOHNS, MICHIGAN

Schedule of Findings and Responses For the Year Ended June 30, 2020

None noted.

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CITY OF ST. JOHNS, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

2019-001 - Material Audit Adjustments

During our audit, we identified and proposed material adjustments (which were approved and recorded by management) to adjust the City's due from other governments and accounts payable as well as related revenue and expenditure accounts, in the general fund to the appropriate balances. This finding was corrected in 2020.

