

City of St. Johns,  
Michigan



Year Ended  
June 30, 2021

Annual  
Comprehensive  
Financial Report

Prepared by: Treasurer's Office

# 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, 2021

Eric Hufnagel  
***Mayor***

Jean Ruestman  
***Vice Mayor***

### CITY COMMISSIONERS

Tamara Kirschenbauer

Bob Craig

Brad Gurski

### ADMINISTRATIVE OFFICIALS

Kristina Kinde  
***City Treasurer***

**Eric Hufnagel**  
*Mayor*

**Jean Ruestman**  
*Vice Mayor*

**Bob Craig**  
*Commissioner*

**Tamara Kirschenbauer**  
*Commissioner*

**Brad Gurski**  
*Commissioner*



**Dave J. Kudwa**  
*Deputy City Manager*

**Mindy J. Seavey**  
*City Clerk*

**Kristina Kinde**  
*City Treasurer*

**John B. Salemi**  
*City Attorney*

**Steven M. Martin**  
*Director of Public Services*

December 22, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of St. Johns (the City), Michigan for the fiscal year ended June 30, 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 ACFR 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, 2021. 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 of the Government**

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

*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 approximately 44 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.

#### *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 58.8% 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.

### *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 \$2,865,008 which is approximately 65% 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. 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 began to realize the impact of the water and sewer revenues. This additional revenue is allowing the City to discuss future water and sewer infrastructure projects.

### **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, 2020; 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,

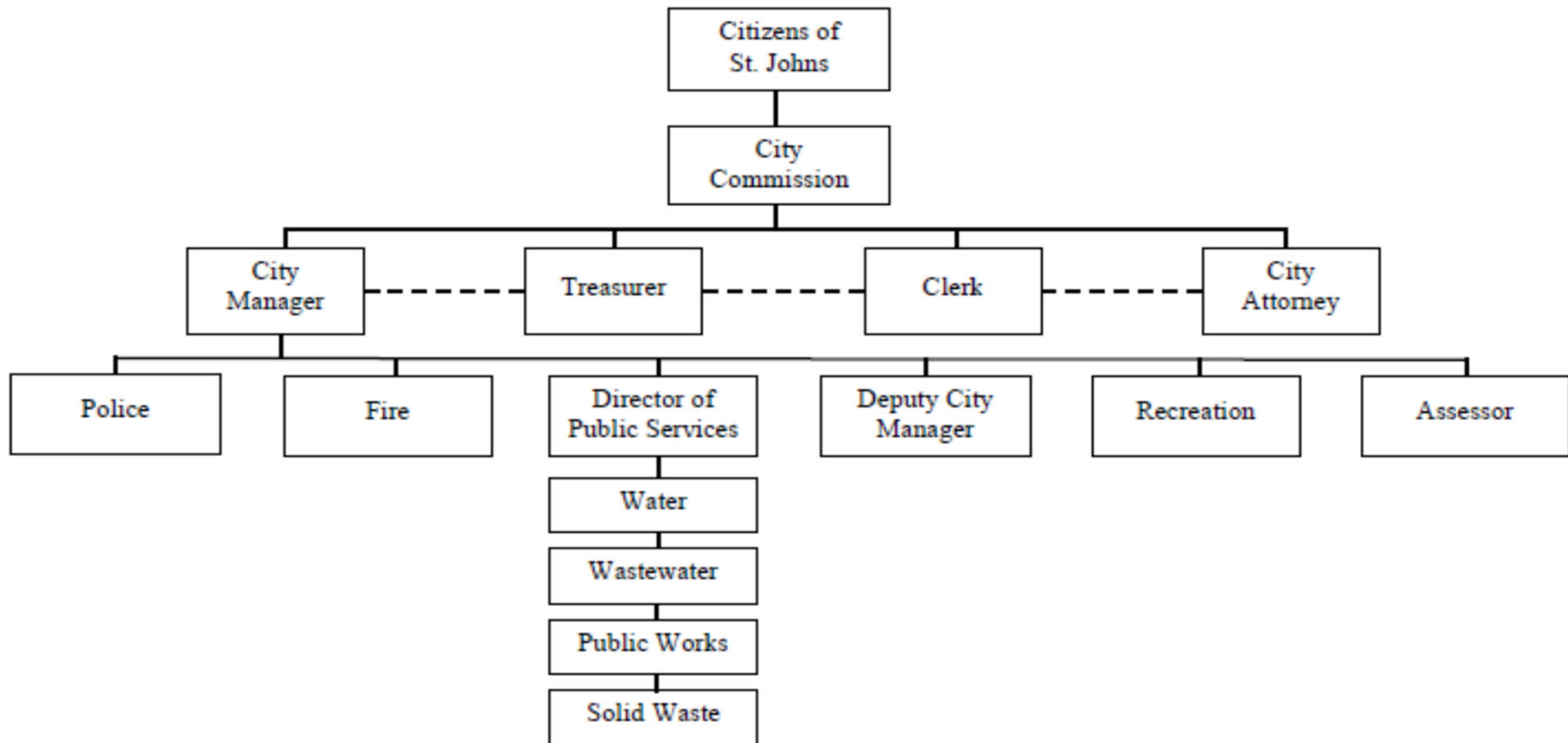
A handwritten signature in black ink that reads "Dave Kudwa".

Dave Kudwa  
Deputy City Manager

A handwritten signature in blue ink that reads "Kristina Kinde".

Kristina Kinde  
City Treasurer

City of St. Johns  
Organizational Chart  
June 30, 2021



**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, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

December 22, 2021

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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Major special revenue 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 22, 2021, 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*



## **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, 2021. 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	\$ 17,260,445
· Change in total net position	2,599,322
· Fund balances, governmental funds	3,497,421
· Change in fund balances, governmental funds	12,518
· Unassigned fund balance, general fund	2,777,449
· Change in fund balance, general fund	526,417
· Installment debt outstanding	12,268,819
· Change in installment debt	(764,305)

### 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, 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.

Custodial fund statements provide information in regards to the Current Tax Collection.

**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 \$17,260,445 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 3,817,954	\$ 3,734,535	\$ 4,234,082	\$ 4,332,176	\$ 8,052,036	\$ 8,066,711
Capital assets, net	13,338,370	12,153,405	15,840,613	15,827,627	29,178,983	27,981,032
	<u>17,156,324</u>	<u>15,887,940</u>	<u>20,074,695</u>	<u>20,159,803</u>	<u>37,231,019</u>	<u>36,047,743</u>
<b>Total deferred outflows of resources</b>	551,868	348,081	473,852	387,519	1,025,720	735,600
<b>Liabilities</b>						
Other liabilities	287,779	290,307	172,185	443,805	459,964	734,112
Long-term liabilities	1,388,117	1,471,210	11,181,435	11,840,363	12,569,552	13,311,573
Net pension liability	4,973,153	5,330,513	2,561,927	2,746,022	7,535,080	8,076,535
	<u>6,649,049</u>	<u>7,092,030</u>	<u>13,915,547</u>	<u>15,030,190</u>	<u>20,564,596</u>	<u>22,122,220</u>
<b>Total deferred outflows of resources</b>	284,921	-	146,777	-	431,698	-
<b>Net position</b>						
Net investment in capital assets	12,162,680	10,883,269	4,937,040	4,272,845	17,099,720	15,156,114
Restricted	732,107	1,145,645	1,173,176	1,166,811	1,905,283	2,312,456
Unrestricted (deficit)	<u>(2,120,565)</u>	<u>(2,884,923)</u>	<u>376,007</u>	<u>77,476</u>	<u>(1,744,558)</u>	<u>(2,807,447)</u>
<b>Total net position</b>	<u>\$ 10,774,222</u>	<u>\$ 9,143,991</u>	<u>\$ 6,486,223</u>	<u>\$ 5,517,132</u>	<u>\$ 17,260,445</u>	<u>\$ 14,661,123</u>

The City's net investment in capital assets of \$17,099,720 exceeds its total net position and reflects its investment in capital assets (e.g., land, building and improvements, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$1,905,283 (11.04 percent) represents resources that are subject to external restrictions on how they may be used. This leaves the City with a remaining unrestricted net position deficit of \$1,744,558.

# CITY OF ST. JOHNS, MICHIGAN

## Management's Discussion and Analysis

	Change in Net position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Program revenues</b>						
Charges for services	\$ 1,669,618	\$ 1,682,381	\$ 5,294,583	\$ 4,277,466	\$ 6,964,201	\$ 5,959,847
Operating grants	1,912,311	2,022,365	-	-	1,912,311	2,022,365
<b>General revenues</b>						
Property taxes	3,127,224	2,980,885	-	-	3,127,224	2,980,885
State revenue sharing	872,877	764,376	-	-	872,877	764,376
Other	100,698	67,548	75,511	154,351	176,209	221,899
<b>Total revenues</b>	<u>7,682,728</u>	<u>7,517,555</u>	<u>5,370,094</u>	<u>4,431,817</u>	<u>13,052,822</u>	<u>11,949,372</u>
<b>Expenses</b>						
General government	1,748,112	2,146,539	-	-	1,748,112	2,146,539
Public safety	1,732,836	1,557,120	-	-	1,732,836	1,557,120
Public works	2,229,720	2,241,780	-	-	2,229,720	2,241,780
Recreation and culture	347,816	380,473	-	-	347,816	380,473
Interest on long-term debt	21,616	22,759	-	-	21,616	22,759
Water and sewer	-	-	4,373,400	4,233,135	4,373,400	4,233,135
<b>Total expenses</b>	<u>6,080,100</u>	<u>6,348,671</u>	<u>4,373,400</u>	<u>4,233,135</u>	<u>10,453,500</u>	<u>10,581,806</u>
Change in net position, before transfers	1,602,628	1,168,884	996,694	198,682	2,599,322	1,367,566
Transfers	27,603	27,403	(27,603)	(27,403)	-	-
<b>Change in net position</b>	<u>1,630,231</u>	<u>1,196,287</u>	<u>969,091</u>	<u>171,279</u>	<u>2,599,322</u>	<u>1,367,566</u>
Net position:						
Beginning of year	9,143,991	7,947,704	5,517,132	5,345,853	14,661,123	13,293,557
<b>End of year</b>	<u>\$ 10,774,222</u>	<u>\$ 9,143,991</u>	<u>\$ 6,486,223</u>	<u>\$ 5,517,132</u>	<u>\$ 17,260,445</u>	<u>\$ 14,661,123</u>

Governmental Activities. Governmental activities increased the City's net position by \$1,630,231 for fiscal year 2021. Compared to the fiscal year 2020 increase of \$1,196,287, the change in net position increased by \$433,944. Key elements of this increase are as follows:

- Operating grants decreased approximately \$114,000, due primarily to the City receiving an Environment, Great Lakes and Energy grant and a Capital Region Community Foundation grant in the prior year.
- Property taxes increase approximately \$146,000, due primarily to increases in property values.
- General government expenses decreased by approximately \$326,000, due a surplus library pension expense in the prior year and less capital purchases in the current year.

Business-type Activities. Business-type activities increased the City's net position by \$969,091 for fiscal year 2021. Compared to the fiscal year 2020 increase of \$171,279, the change in net position increased by \$797,812. Key elements of this increase are as follows:

- Charges for services increased approximately \$1,017,000, due mainly to new water and sewer customer accounts.
- Water and sewer operating costs increased by approximately \$316,000, due to an increase in salaries and benefits and depreciation expense.

# 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 \$3,497,421, an increase of \$12,518 in comparison with the prior year. The General Fund fund balance increased \$526,417 from the prior year mainly due primarily to receiving more state shared revenue than budgeted and reduction in expenses budgeted primarily for general government, public safety and recreation and culture.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$2,865,007. Of this amount \$87,558 was classified as nonspendable and \$2,777,449 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 63% of total general fund expenditures. This is up from 51% noted for fiscal year 2020.

The fund balance of the City's General Fund increased by \$526,417 after transfers during the current fiscal year compared to a decrease in fund balance of \$188,832 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 Local Streets Fund had a decrease in fund balance from the prior year of \$11,995 to the current year ending total of \$218,249.

The Street Millage II Fund had a decrease in fund balance from prior year of \$264,435 to the current year ending total of (\$90,486). The fund balance was decreased due to the timing of street projects.

The General Fund originally budgeted for a decrease in fund balance of \$105,395 and then the budget was amended which resulted in an estimated decrease of \$124,050. The actual results increased fund balance by \$526,417. Significant changes in budgetary variances are as follows:

- Intergovernmental revenue was over budget by approximately \$235,000. This is due to primarily to higher state shared revenue than budgeted. Due to COVID state revenue sharing was budgeted lower than in prior years.
- General government underspent their budget by approximately \$85,000. This is due to budgeting for assumed fringe benefit increases which came in lower than budgeted.
- Public safety underspent their budget by approximately \$124,000. Decreases were seen fringe benefits, grant related expenses, patrol car equipment and fire hall maintenance.
- Recreation and culture was under budget by approximately \$155,000. Decreases were seen in salaries and wages, fringe benefits, and water/sewer charges.

# CITY OF ST. JOHNS, MICHIGAN

## Management's Discussion and Analysis

Significant changes between the original and final budget are as follows:

- An increase in the original budget to final budget for intergovernmental revenue in the amount of approximately \$293,000 is due to increase in grants for public safety reimbursement and hazard pay.
- A decrease in the original budget to final budget for legislative expenditures in the amount of approximately \$23,000 is due primarily to the decrease in community development for the rental inspection program which was moved to the next fiscal year.
- An increase in the original budget to final budget for public works expenditures in the amount of approximately \$102,000 is due to an increase in environmental services.
- An increase in the original budget to final budget for capital outlay expenditures in the amount of approximately \$149,000 is due in part to the purchase of a police car, a side by side for fires and security cameras at the police station.

The Water and Sewer fund had an increase to its net position of \$969,091 compared to decrease in net position in the prior year of \$90,222. Operating expenses increased by approximately \$175,000 and revenues increased by approximately \$1.0 million. 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 2021, the City of St. Johns had invested \$13,338,370 and \$15,840,613 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,241,566	\$ 1,229,963	\$ 169,161	\$ 169,161	\$ 1,410,727	\$ 1,399,124
Construction in progress	36,190	258,892	-	2,783,840	36,190	3,042,732
Land improvements	663,300	735,082	-	-	663,300	735,082
Buildings and improvements	1,883,449	1,983,748	-	-	1,883,449	1,983,748
Vehicles	1,039,711	1,055,511	-	-	1,039,711	1,055,511
Furnitures and other assets	89,946	50,447	-	-	89,946	50,447
Drain flowage rights	384,845	396,043	-	-	384,845	396,043
Infrastructure	7,999,363	6,443,719	-	-	7,999,363	6,443,719
Water system	-	-	2,368,823	1,846,390	2,368,823	1,846,390
Sewer system	-	-	12,672,610	10,356,946	12,672,610	10,356,946
Water and sewer equipment	-	-	630,019	671,290	630,019	671,290
<b>Total capital assets, net</b>	<b>\$ 13,338,370</b>	<b>\$ 12,153,405</b>	<b>\$ 15,840,613</b>	<b>\$ 15,827,627</b>	<b>\$ 29,178,983</b>	<b>\$ 27,981,032</b>

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

- Scott road
- Annual street improvements
- Watermain at Gibbs and Scott Rd
- Purchase of a dump truck
- Completion of industrial park sanitary sewer project

**Debt Administration** - At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,388,117 for governmental activities and \$11,181,435 for business-type activities consisting of general obligation bonds, direct placement loans, and compensated absences.

# CITY OF ST. JOHNS, MICHIGAN

## Management's Discussion and Analysis

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 534,000	\$ 724,000	\$ 10,745,000	\$ 11,380,000	\$ 11,279,000	\$ 12,104,000
Direct placements	641,690	546,136	348,129	382,988	989,819	929,124
Compensated absences	212,427	201,074	88,306	77,375	300,733	278,449
<b>Total long-term debt</b>	<b>\$ 1,388,117</b>	<b>\$ 1,471,210</b>	<b>\$ 11,181,435</b>	<b>\$ 11,840,363</b>	<b>\$ 12,569,552</b>	<b>\$ 13,311,573</b>

The City's total governmental activities and business-type activities debt decreased by \$83,093 and \$658,928, respectively, during the current fiscal year as a result of scheduled debt service payments.

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, 2021, was \$284 million; therefore, the City's debt limitation was \$28.4 million. The City remains below its legal debt limit by approximately \$26 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 continued 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 2022 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](mailto:treasurer@ci.saint-johns.mi.us).



## **BASIC FINANCIAL STATEMENTS**

# CITY OF ST. JOHNS, MICHIGAN

## Statement of Net Position

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,588,163	\$ 1,049,837	\$ 3,638,000	\$ 526,945
Investments	532,855	427,849	960,704	-
Receivables	662,840	1,342,565	2,005,405	-
Internal balances	(65,780)	65,780	-	-
Inventories	12,318	85,713	98,031	-
Prepays	87,558	755	88,313	-
Cash and cash equivalents, restricted	-	1,261,583	1,261,583	-
Capital assets not being depreciated	1,277,756	169,161	1,446,917	-
Capital assets being depreciated, net	12,060,614	15,671,452	27,732,066	-
<b>Total assets</b>	<b>17,156,324</b>	<b>20,074,695</b>	<b>37,231,019</b>	<b>526,945</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	189,556	189,556	-
Deferred pension amounts	551,868	284,296	836,164	-
<b>Total deferred outflows of resources</b>	<b>551,868</b>	<b>473,852</b>	<b>1,025,720</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	287,779	172,185	459,964	163,221
Long-term liabilities:				
Due within one year	324,841	751,090	1,075,931	-
Due in more than one year	1,063,276	10,430,345	11,493,621	-
Net pension liability (due in more than one year)	4,973,153	2,561,927	7,535,080	-
<b>Total liabilities</b>	<b>6,649,049</b>	<b>13,915,547</b>	<b>20,564,596</b>	<b>163,221</b>
<b>Deferred inflow of resources</b>				
Deferred pension amounts	284,921	146,777	431,698	-
<b>Net position</b>				
Net investment in capital assets	12,162,680	4,937,040	17,099,720	-
Restricted for:				
Debt service	-	1,173,176	1,173,176	-
Capital projects	33,847	-	33,847	-
Garbage	157,499	-	157,499	-
Drug law enforcement	4,259	-	4,259	-
Streets	536,502	-	536,502	-
Unrestricted (deficit)	(2,120,565)	376,007	(1,744,558)	363,724
<b>Total net position</b>	<b>\$ 10,774,222</b>	<b>\$ 6,486,223</b>	<b>\$ 17,260,445</b>	<b>\$ 363,724</b>

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, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Primary government</b>				
Governmental activities:				
General government	\$ 1,748,112	\$ 250,597	\$ 143,512	\$ (1,354,003)
Public safety	1,732,836	119,999	460,450	(1,152,387)
Public works	2,229,720	1,290,936	1,032,301	93,517
Recreation and culture	347,816	8,086	276,048	(63,682)
Interest on long-term debt	21,616	-	-	(21,616)
Total governmental activities	6,080,100	1,669,618	1,912,311	(2,498,171)
Business-type activities:				
Water and sewer	4,373,400	5,294,583	-	921,183
<b>Total primary government</b>	<b>\$ 10,453,500</b>	<b>\$ 6,964,201</b>	<b>\$ 1,912,311</b>	<b>\$ (1,576,988)</b>
<b>Component units</b>				
Principal Shopping District	\$ 107,221	\$ -	\$ 85,963	\$ (21,258)
Local Development Finance Authority	203,462	-	-	(203,462)
Downtown Development Authority	2,626	-	-	(2,626)
<b>Total component units</b>	<b>\$ 313,309</b>	<b>\$ -</b>	<b>\$ 85,963</b>	<b>\$ (227,346)</b>

continued...

# CITY OF ST. JOHNS, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (2,498,171)	\$ 921,183	\$ (1,576,988)	\$ (227,346)
General revenues:				
Property taxes	3,127,224	-	3,127,224	153,961
State shared revenues - unrestricted	872,877	-	872,877	-
Investment earnings	12,946	5,023	17,969	-
Gain on sale of capital assets	57,700	-	57,700	-
Miscellaneous	30,052	70,488	100,540	-
Transfers - internal activities	27,603	(27,603)	-	-
Total general revenues and transfers	4,128,402	47,908	4,176,310	153,961
<b>Change in net position</b>	1,630,231	969,091	2,599,322	(73,385)
Net position, beginning of year	9,143,991	5,517,132	14,661,123	437,109
<b>Net position, end of year</b>	<u>\$ 10,774,222</u>	<u>\$ 6,486,223</u>	<u>\$ 17,260,445</u>	<u>\$ 363,724</u>

concluded

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

# CITY OF ST. JOHNS, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2021

		Special Revenue Fund	Capital Projects Fund		
	General Fund	Local Street	Street Millage II	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,951,165	\$ 57,482	\$ 73,567	\$ 433,953	\$ 2,516,167
Investments	532,855	-	-	-	532,855
Receivables:					
Accounts	332,712	-	-	-	332,712
Special assessments	-	-	-	9,875	9,875
Due from state	-	-	-	114,161	114,161
Due from other governmental units	161,621	44,471	-	-	206,092
Due from other funds	214,655	164,053	-	-	378,708
Prepaid items	87,558	-	-	-	87,558
<b>Total assets</b>	<b>\$ 3,280,566</b>	<b>\$ 266,006</b>	<b>\$ 73,567</b>	<b>\$ 557,989</b>	<b>\$ 4,178,128</b>
<b>Liabilities</b>					
Accounts payable	\$ 37,801	\$ 44,243	\$ -	\$ 34,968	\$ 117,012
Accrued liabilities	102,523	2,150	-	5,864	110,537
Due to other governments	144	-	-	-	144
Due to other funds	275,091	1,364	164,053	2,631	443,139
<b>Total liabilities</b>	<b>415,559</b>	<b>47,757</b>	<b>164,053</b>	<b>43,463</b>	<b>670,832</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - special assessments	-	-	-	9,875	9,875
<b>Fund balances</b>					
Nonspendable	87,558	-	-	-	87,558
Restricted	-	218,249	-	504,651	722,900
Unassigned (deficit)	2,777,449	-	(90,486)	-	2,686,963
<b>Total fund balances (deficit)</b>	<b>2,865,007</b>	<b>218,249</b>	<b>(90,486)</b>	<b>504,651</b>	<b>3,497,421</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,280,566</b>	<b>\$ 266,006</b>	<b>\$ 73,567</b>	<b>\$ 557,989</b>	<b>\$ 4,178,128</b>

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, 2021

**Fund balances - total governmental funds** \$ 3,497,421

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	1,277,756
Capital assets being depreciated, net	12,060,614
Less internal service fund capital assets being depreciated, net	(992,897)

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	9,875
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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	(4,973,153)
Pension related deferred outflow of resources	551,868
Pension related deferred inflow of resources	(284,921)

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	376,729
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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	(534,000)
Accrued interest on long-term debt	(2,643)
Compensated absences	(212,427)

**Net position of governmental activities** \$ 10,774,222

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, 2021

	Special Revenue Fund		Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Local Street	Street Millage II		
<b>Revenues</b>					
Property Taxes	\$ 2,334,709	\$ -	\$ 677,635	\$ 116,855	\$ 3,129,199
Licenses and permits	134,463	-	-	-	134,463
Intergovernmental	1,240,575	271,597	21,983	700,901	2,235,056
Charges for services	976,384	-	-	507,490	1,483,874
Fines and forfeitures	22,504	-	-	-	22,504
Interest and rentals	31,900	-	-	5	31,905
Other revenues	117,374	766	-	3,902	122,042
<b>Total revenues</b>	<b>4,857,909</b>	<b>272,363</b>	<b>699,618</b>	<b>1,329,153</b>	<b>7,159,043</b>
<b>Expenditures</b>					
Current:					
General government	1,669,350	-	-	-	1,669,350
Public safety	1,863,571	-	-	-	1,863,571
Public works	476,654	1,348,411	-	1,304,631	3,129,696
Recreation and culture	290,636	-	-	-	290,636
Debt service:					
Principal	4,360	-	-	190,000	194,360
Interest and fiscal charges	-	-	-	13,395	13,395
Capital outlay	95,820	-	-	-	95,820
<b>Total expenditures</b>	<b>4,400,391</b>	<b>1,348,411</b>	<b>-</b>	<b>1,508,026</b>	<b>7,256,828</b>
Revenues over (under) expenditures	457,518	(1,076,048)	699,618	(178,873)	(97,785)
<b>Other financing sources (uses)</b>					
Transfers in	-	1,064,053	-	203,395	1,267,448
Transfers out	(13,801)	-	(964,053)	(261,991)	(1,239,845)
Proceeds from sale of fixed assets	82,700	-	-	-	82,700
<b>Total other financing sources (uses)</b>	<b>68,899</b>	<b>1,064,053</b>	<b>(964,053)</b>	<b>(58,596)</b>	<b>110,303</b>
<b>Net change in fund balances</b>	<b>526,417</b>	<b>(11,995)</b>	<b>(264,435)</b>	<b>(237,469)</b>	<b>12,518</b>
Fund balances, beginning of year	2,338,590	230,244	173,949	742,120	3,484,903
<b>Fund balances (deficit), end of year</b>	<b>\$ 2,865,007</b>	<b>\$ 218,249</b>	<b>\$ (90,486)</b>	<b>\$ 504,651</b>	<b>\$ 3,497,421</b>

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, 2021

**Net change in fund balances - total governmental funds** \$ 12,518

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	1,453,833
Capital asset disposal	(25,000)
Donated capital assets	458,142
Depreciation	(750,171)

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	(1,975)
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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	194,360
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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	276,226
Change in accrued interest payable on long-term debt	(851)
Change in the accrual for compensated absences	(11,353)

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>24,502</u>
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**Change in net position of governmental activities** \$ 1,630,231

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 2,392,194	\$ 2,392,194	\$ 2,334,709	\$ (57,485)
Licenses and permits	121,000	121,000	134,463	13,463
Intergovernmental	707,309	1,000,487	1,240,575	240,088
Charges for services	1,052,022	1,002,022	976,384	(25,638)
Fines and forfeitures	22,000	22,000	22,504	504
Interest and rentals	32,530	32,530	31,900	(630)
Other revenues	82,950	128,426	117,374	(11,052)
<b>Total revenues</b>	<b>4,410,005</b>	<b>4,698,659</b>	<b>4,857,909</b>	<b>159,250</b>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	450,311	426,485	403,171	(23,314)
Administration	1,028,568	1,046,269	992,502	(53,767)
Municipal building	95,000	95,000	87,654	(7,346)
Other	79,414	186,414	186,023	(391)
Total general government	<u>1,653,293</u>	<u>1,754,168</u>	<u>1,669,350</u>	<u>(84,818)</u>
Public safety:				
Police department	1,797,441	1,815,449	1,719,387	(96,062)
Fire department	163,633	172,178	144,184	(27,994)
Total public safety	<u>1,961,074</u>	<u>1,987,627</u>	<u>1,863,571</u>	<u>(124,056)</u>
Public works -				
Department of public works	432,554	534,732	476,654	(58,078)
Recreation and culture:				
Recreation department	239,592	239,592	127,401	(112,191)
City parks	195,183	206,449	163,235	(43,214)
Total recreation and culture	<u>434,775</u>	<u>446,041</u>	<u>290,636</u>	<u>(155,405)</u>
Debt service - principal	6,271	6,271	4,360	(1,911)
Capital outlay	13,575	162,712	95,820	(66,892)
<b>Total expenditures</b>	<b>4,501,542</b>	<b>4,891,551</b>	<b>4,400,391</b>	<b>(491,160)</b>
Revenues over (under) expenditures	<u>(91,537)</u>	<u>(192,892)</u>	<u>457,518</u>	<u>650,410</u>

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, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Other financing sources (uses)</b>				
Transfers out	\$ (13,858)	\$ (13,858)	\$ (13,801)	\$ (57)
Proceeds from sale of capital assets	-	82,700	82,700	-
<b>Total other financing sources (uses)</b>	<u>(13,858)</u>	<u>68,842</u>	<u>68,899</u>	<u>(57)</u>
<b>Net change in fund balance</b>	(105,395)	(124,050)	526,417	650,467
Fund balance, beginning of year	<u>2,338,590</u>	<u>2,338,590</u>	<u>2,338,590</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,233,195</u>	<u>\$ 2,214,540</u>	<u>\$ 2,865,007</u>	<u>\$ 650,467</u>

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

Local Street Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 231,763	\$ 231,763	\$ 271,597	\$ 39,834
Interest and rentals	500	500	-	(500)
Other revenues	-	-	766	766
<b>Total revenues</b>	<u>232,263</u>	<u>232,263</u>	<u>272,363</u>	<u>40,100</u>
<b>Expenditures</b>				
Current -				
Public works -				
Highway and streets:				
Administrative	65,820	71,573	45,923	(25,650)
Street maintenance	459,580	1,291,059	1,181,680	(109,379)
Traffic service maintenance	60,106	64,287	50,138	(14,149)
Winter maintenance	70,909	76,543	70,670	(5,873)
<b>Total expenditures</b>	<u>656,415</u>	<u>1,503,462</u>	<u>1,348,411</u>	<u>(155,051)</u>
Revenues under expenditures	(424,152)	(1,271,199)	(1,076,048)	195,151
<b>Other financing sources</b>				
Transfers in	<u>379,500</u>	<u>1,389,500</u>	<u>1,064,053</u>	<u>(325,447)</u>
<b>Net change in fund balance</b>	(44,652)	118,301	(11,995)	(130,296)
Fund balance, beginning of year	<u>230,244</u>	<u>230,244</u>	<u>230,244</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 185,592</u>	<u>\$ 348,545</u>	<u>\$ 218,249</u>	<u>\$ (130,296)</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, 2021

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer Fund</b>	<b>Mobile Equipment Fund</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,049,837	\$ 71,996
Investments	427,849	-
Accounts receivable	1,342,565	-
Due from other funds	275,091	-
Inventories	85,713	12,318
Prepaid items	755	-
<b>Total current assets</b>	<b>3,181,810</b>	<b>84,314</b>
Noncurrent assets:		
Cash and cash equivalents, restricted	1,261,583	-
Capital assets not being depreciated	169,161	36,190
Capital assets being depreciated, net	15,671,452	956,707
<b>Total noncurrent assets</b>	<b>17,102,196</b>	<b>992,897</b>
<b>Total assets</b>	<b>20,284,006</b>	<b>1,077,211</b>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	189,556	-
Deferred pension amounts	284,296	-
<b>Total deferred outflows of resources</b>	<b>473,852</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	32,102	42,352
Accrued liabilities	51,676	2,857
Accrued interest payable	88,407	12,234
Due to other funds	209,311	1,349
Bonds and notes payable - current	689,002	76,444
Compensated absences payable - current	62,088	-
<b>Total current liabilities</b>	<b>1,132,586</b>	<b>135,236</b>
Noncurrent liabilities:		
Bonds and notes payable, net of current portion	10,404,127	565,246
Compensated absences payable, net of current portion	26,218	-
Net pension liability	2,561,927	-
<b>Total noncurrent liabilities</b>	<b>12,992,272</b>	<b>565,246</b>
<b>Total liabilities</b>	<b>14,124,858</b>	<b>700,482</b>
<b>Deferred inflows of resources</b>		
Deferred pension amounts	146,777	-
<b>Net position</b>		
Net investment in capital assets	4,937,040	351,207
Restricted for debt service	1,173,176	-
Unrestricted	376,007	25,522
<b>Total net position</b>	<b>\$ 6,486,223</b>	<b>\$ 376,729</b>

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, 2021

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
<b>Operating revenues</b>		
Charges for services	\$ 5,294,583	\$ 542,717
<b>Operating expenses</b>		
Water plant operation	748,977	-
Water distribution	514,663	-
Wastewater plant operation	1,088,250	-
Administrative expenses	637,034	-
Mobile equipment operation	-	373,351
Depreciation	1,033,075	147,312
<b>Total operating expenses</b>	4,021,999	520,663
Operating income (loss)	1,272,584	22,054
<b>Nonoperating revenues (expenses)</b>		
Interest income	5,023	-
Other revenue	70,488	9,818
Interest expense	(351,401)	(7,370)
<b>Total nonoperating revenues (expenses)</b>	(275,890)	2,448
Income (loss) before transfers	996,694	24,502
Transfers out	(27,603)	-
<b>Change in net position</b>	969,091	24,502
Net position, beginning of year	5,517,132	352,227
<b>Net position, end of year</b>	\$ 6,486,223	\$ 376,729

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, 2021

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Mobile Equipment Fund
<b>Cash flows from operating activities</b>		
Receipts from customers and users	\$ 4,928,663	\$ -
Receipts from interfund services provided	-	552,535
Payments to employees	(1,768,207)	(78,586)
Payments to suppliers	(1,577,599)	(299,406)
<b>Net cash provided by operating activities</b>	<u>1,582,857</u>	<u>174,543</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers out	(27,603)	-
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(1,046,061)	(195,473)
Proceeds from issuance of long-term debt	-	159,283
Interest paid on long-term debt	(338,313)	(7,893)
Principal paid on long-term debt	(669,859)	(59,369)
<b>Net cash used in capital and related financing activities</b>	<u>(2,054,233)</u>	<u>(103,452)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(4,134)	-
Interest received on investments	5,023	-
<b>Net cash provided by investing activities</b>	<u>889</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(498,090)	71,091
Cash and cash equivalents, beginning of year	2,809,510	905
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,311,420</u>	<u>\$ 71,996</u>
<b>Classified on the statement of net position as:</b>		
Cash and cash equivalents	\$ 1,049,837	\$ 71,996
Cash and cash equivalents, restricted	1,261,583	-
	<u>\$ 2,311,420</u>	<u>\$ 71,996</u>

continued...

**CITY OF ST. JOHNS, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2021

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer Fund</b>	<b>Mobile Equipment Fund</b>
<b>Cash flows from operating activities</b>		
Operating income	\$ 1,343,072	\$ 31,872
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,033,075	147,312
Change in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(315,463)	-
Due from other funds	(120,945)	-
Inventories	(14,091)	(2,248)
Prepaid items	(20)	-
Accounts payable	(280,458)	35,156
Accrued liabilities	14,400	827
Due to other funds	54,657	(38,376)
Compensated absences payable	10,931	-
Deferred outflows of resources related to pension amounts	(104,983)	-
Net pension liability	(184,095)	-
Deferred inflows of resources related to pension amounts	146,777	-
<b>Net cash provided by operating activities</b>	<u>\$ 1,582,857</u>	<u>\$ 174,543</u>

concluded

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

# CITY OF ST. JOHNS, MICHIGAN

## Statement of Fiduciary Net Position

Custodial Fund - Current Tax Collection

June 30, 2021

### Assets

Cash and cash equivalents	\$ 1,000
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### Liabilities

Due to other governments	<u>(1,000)</u>
--------------------------	----------------

### Total net position

	<u><u>\$ -</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 Changes in Fiduciary Fund Net Position

Custodial Fund - Current Tax Collection

For the Year Ended June 30, 2021

#### Additions

Taxes collected for other governments	<u>\$ 6,805,025</u>
---------------------------------------	---------------------

#### Deductions

Payments of taxes to other governments	<u>6,805,025</u>
--	------------------

#### Change in net position

-

Net position, beginning of year

-

**Net position, end of year**

\$ -

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, 2021

	Principal Shopping District	Local Development Finance Authority	Downtown Development Authority	Total Component Units
<b>Assets</b>				
Cash and cash equivalents	\$ 177,594	\$ 278,874	\$ 70,477	\$ 526,945
<b>Liabilities</b>				
Accounts payable	163,221	-	-	163,221
<b>Net position</b>				
Unrestricted	<u>\$ 14,373</u>	<u>\$ 278,874</u>	<u>\$ 70,477</u>	<u>\$ 363,724</u>

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, 2021

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue
		Operating Grants and Contributions	
Component units:			
Community and economic development:			
Principal shopping district	\$ 107,221	\$ 85,963	\$ (21,258)
Local development finance authority	203,462	-	(203,462)
Downtown development authority	2,626	-	(2,626)
<b>Total component units</b>	<u>\$ 313,309</u>	<u>\$ 85,963</u>	<u>\$ (227,346)</u>

continued...

## CITY OF ST. JOHNS, MICHIGAN

### Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2021

	Component Units			
	Principal Shopping District	Local Development Finance Authority	Downtown Development Authority	Total Component Units
<b>Changes in net position</b>				
Net (expense) revenue	\$ (21,258)	\$ (203,462)	\$ (2,626)	\$ (227,346)
General revenues:				
Property taxes	-	153,961	-	153,961
<b>Change in net position</b>	(21,258)	(49,501)	(2,626)	(73,385)
Net position, beginning of year	35,631	328,375	73,103	437,109
<b>Net position, end of year</b>	<u>\$ 14,373</u>	<u>\$ 278,874</u>	<u>\$ 70,477</u>	<u>\$ 363,724</u>

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 2021.

#### *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 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, 2021, are available at CAASA's administrative offices. As of March 31, 2021, CAASA had a net position of \$1,123,854.

# 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.

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.



# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

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.

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 *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.

*Custodial fund* accounts for assets that the government holds for others in an custodial capacity (such as taxes collected for other governments).

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

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.

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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### *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.

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 Custodial 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, 2021, the City levied 9.9052 mills for general governmental services, 0.5000 mills for garbage services, 0.2200 for economic development and 2.97150 for streets and sidewalks. The total taxable value for the 2020 levy for property within the City was \$227,188,233.

### *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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### *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.

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

### *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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### *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.

### *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. The City also reports deferred inflow amounts related to its pension plan.

### *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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

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.

### ***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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to 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.
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/FUND BALANCE

Governmental activities reported a deficit in unrestricted net position of \$2,110,690 and a deficit in unassigned fund balance in the Street Millage Capital Projects Fund of \$90,486.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### 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 activity level for special revenue funds, debt service funds and capital projects funds, which is the legal level of control. Excess of expenditures over appropriated amounts in individuals funds are as follows:

	Final Budget	Actual	Over Budget
<b>Special revenue fund</b>			
Garbage	\$ 675,580	\$ 683,443	\$ 7,863

### 5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2021:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 3,638,000	\$ 526,945	\$ 4,164,945
Restricted cash and cash equivalents	1,261,583	-	1,261,583
Investments	960,704	-	960,704
<b>Statement of Fiduciary Net Position</b>			
Cash and cash equivalents	1,000	-	1,000
<b>Total</b>	<u>\$ 5,861,287</u>	<u>\$ 526,945</u>	<u>\$ 6,388,232</u>
<b>Deposits and investments</b>			
Deposits:			
Checking and savings accounts			\$ 4,893,908
Certificates of deposit (due within one year)			959,434
Investments			534,080
Cash on hand			810
<b>Total</b>			<u>\$ 6,388,232</u>

*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, \$5,687,368 of the City's bank balance of \$6,687,368 was exposed to custodial credit risk because it was uninsured and uncollateralized.



# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

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.

*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, 2021, the City had the following investments:

Investment	Maturity	Amortized Cost	Rating
Money market funds	n/a	<u>\$ 534,080</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.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### 6. RECEIVABLES

Receivables are comprised of the following at year-end:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts	\$ 332,712	\$ 1,342,565
Special assessments	9,875	-
Due from state	114,161	-
Intergovernmental	206,092	-
	<u>\$ 662,840</u>	<u>\$ 1,342,565</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 \$9,875 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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
Accounts	\$ 159,364	\$ 32,102	\$ 163,221
Accrued liabilities	113,394	51,676	-
Accrued interest on long-term debt	14,877	88,407	-
Due to other governments	144	-	-
	<u>\$ 287,779</u>	<u>\$ 172,185</u>	<u>\$ 163,221</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	\$ 214,655	\$ 275,091
Local Street fund	164,053	1,364
Street Millage II fund	-	164,053
Nonmajor governmental funds	-	2,631
Water and Sewer fund	275,091	209,311
Internal service fund	-	1,349
	<u>\$ 653,799</u>	<u>\$ 653,799</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, 2021, interfund transfers consisted of the following:

Transfers Out	Transfers In		
	Local Streets	Nonmajor Governmental Funds	Total
General fund	\$ -	\$ 13,801	\$ 13,801
Street Millage II	964,053	-	964,053
Nonmajor governmental funds	100,000	161,991	261,991
Water and Sewer fund	-	27,603	27,603
	<u>\$ 1,064,053</u>	<u>\$ 203,395</u>	<u>\$ 1,267,448</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 II 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, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,229,963	\$ 36,603	\$ (25,000)	\$ -	\$ 1,241,566
Construction in progress	258,892	36,190	-	(258,892)	36,190
	<u>1,488,855</u>	<u>72,793</u>	<u>(25,000)</u>	<u>(258,892)</u>	<u>1,277,756</u>
Capital assets, being depreciated:					
Land improvements	1,820,909	-	-	-	1,820,909
Buildings and improvements	3,334,814	6,300	-	-	3,341,114
Vehicles	2,985,835	159,282	-	-	3,145,117
Furniture and other assets	293,973	53,532	(16,800)	-	330,705
Drain flowage rights	529,268	-	-	-	529,268
Infrastructure	11,585,839	1,815,541	-	258,892	13,660,272
	<u>20,550,638</u>	<u>2,034,655</u>	<u>(16,800)</u>	<u>258,892</u>	<u>22,827,385</u>
Less accumulated depreciation for:					
Land improvements	(1,085,827)	(71,782)	-	-	(1,157,609)
Buildings and improvements	(1,351,066)	(106,599)	-	-	(1,457,665)
Vehicles	(1,930,324)	(175,082)	-	-	(2,105,406)
Furniture and other assets	(243,526)	(14,033)	16,800	-	(240,759)
Drain flowage rights	(133,225)	(11,198)	-	-	(144,423)
Infrastructure	(5,142,120)	(518,789)	-	-	(5,660,909)
	<u>(9,886,088)</u>	<u>(897,483)</u>	<u>16,800</u>	<u>-</u>	<u>(10,766,771)</u>
Total capital assets being depreciated, net	<u>10,664,550</u>	<u>1,137,172</u>	<u>-</u>	<u>258,892</u>	<u>12,060,614</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 12,153,405</u>	<u>\$ 1,209,965</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 13,338,370</u>

At June 30, 2021, the City's had no outstanding commitments.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 169,161	\$ -	\$ -	\$ -	\$ 169,161
Construction in progress	2,783,840	-	-	(2,783,840)	-
	<u>2,953,001</u>	<u>-</u>	<u>-</u>	<u>(2,783,840)</u>	<u>169,161</u>
Capital assets, being depreciated:					
Water system	5,938,267	427,391	-	209,696	6,575,354
Sewer system	26,524,268	559,560	-	2,574,144	29,657,972
Water and sewer equipment	1,232,761	59,110	-	-	1,291,871
	<u>33,695,296</u>	<u>1,046,061</u>	<u>-</u>	<u>2,783,840</u>	<u>37,525,197</u>
Less accumulated depreciation for:					
Water system	(4,091,877)	(114,654)	-	-	(4,206,531)
Sewer system	(16,167,322)	(818,040)	-	-	(16,985,362)
Water and sewer equipment	(561,471)	(100,381)	-	-	(661,852)
	<u>(20,820,670)</u>	<u>(1,033,075)</u>	<u>-</u>	<u>-</u>	<u>(21,853,745)</u>
Total capital assets being depreciated, net	<u>12,874,626</u>	<u>12,986</u>	<u>-</u>	<u>2,783,840</u>	<u>15,671,452</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 15,827,627</u>	<u>\$ 12,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,840,613</u>

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

### Depreciation of governmental activities by function

General government	\$ 57,337
Public safety	49,638
Public works	577,729
Recreation and culture	65,467
Internal service fund	147,312
	<u>\$ 897,483</u>

### Depreciation of business-type activities by function

Water and Sewer	<u>\$ 1,033,075</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, 2021, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
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%	\$ 724,000	\$ -	\$ (190,000)	\$ 534,000	\$ 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%	292,176	-	(22,625)	269,551	23,361
Installment Note Payable, to purchase a dump truck of \$159,283 due in semi-annual installments of \$16,930 through October 26, 2025, including interest at 5.91%	-	159,283	(15,138)	144,145	30,790
CDBG loan of \$1,100,000 for expansion of the City's industrial park, governmental portion, repaid during 2021	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	-	(21,606)	227,994	22,293
	<u>546,136</u>	<u>159,283</u>	<u>(63,729)</u>	<u>641,690</u>	<u>76,444</u>
Total governmental activities bonds and notes	1,270,136	159,283	(253,729)	1,175,690	181,444
Compensated absences	201,074	152,105	(140,752)	212,427	143,397
<b>Total governmental activities</b>	<u>\$ 1,471,210</u>	<u>\$ 311,388</u>	<u>\$ (394,481)</u>	<u>\$ 1,388,117</u>	<u>\$ 324,841</u>

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
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	\$ 2,185,000	\$ -	\$ (255,000)	\$ 1,930,000	\$ 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	6,065,000	-	(270,000)	5,795,000	285,000
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		(110,000)	3,020,000	115,000
	<u>11,380,000</u>	<u>-</u>	<u>(635,000)</u>	<u>10,745,000</u>	<u>655,000</u>
<b>Direct Placement:</b>					
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		(32,953)	348,129	34,002
CDBG loan of \$1,100,000 for expansion of the City's industrial park, enterprise portion, repaid during 2021	1,906	-	(1,906)	-	-
	<u>382,988</u>	<u>-</u>	<u>(34,859)</u>	<u>348,129</u>	<u>34,002</u>

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Total business type activities bonds and notes	\$ 11,762,988	\$ -	\$ (669,859)	\$ 11,093,129	\$ 689,002
Compensated absences	77,375	65,096	(54,165)	88,306	62,088
<b>Total business-type activities</b>	<b>\$ 11,840,363</b>	<b>\$ 65,096</b>	<b>\$ (724,024)</b>	<b>\$ 11,181,435</b>	<b>\$ 751,090</b>

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
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	84,000	10,519	735,000	204,167
2027-2031	-	-	4,095,000	733,659
2032-2036	-	-	2,360,000	263,062
2037-2040	-	-	805,000	55,681
	<u>\$ 534,000</u>	<u>\$ 99,627</u>	<u>\$ 10,745,000</u>	<u>\$ 2,260,371</u>

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
2022	\$ 76,434	\$ 28,398	\$ 34,022	\$ 11,070
2023	78,572	25,320	35,098	9,988
2024	80,773	22,151	36,214	8,872
2025	83,020	18,905	37,365	7,721
2026	68,435	15,529	38,553	6,532
2027-2031	254,456	34,495	166,877	13,474
	<u>\$ 641,690</u>	<u>\$ 144,798</u>	<u>\$ 348,129</u>	<u>\$ 57,657</u>



# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

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.

### 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, 2021, the City of St. Johns made contributions for all eligible participating employees. To be eligible to participate, an employee must be full-time. Elected officials and volunteer firefighters are not eligible for this plan.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

During the year, contributions of \$4,029 and \$134,802 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](http://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.

*Employees Covered by Benefit Terms.* At December 31, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>12</u>
<b>Total membership</b>	<u><u>70</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 \$646 to \$32,251 per month.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 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 base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

*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
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>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.60%</u></u>

## CITY OF ST. JOHNS, MICHIGAN

### Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2020 was 7.6%. 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.

#### **Changes in Net Pension Liability**

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2019	\$ 17,878,254	\$ 9,801,719	\$ 8,076,535
Changes for the year:			
Service cost	89,136	-	89,136
Interest	1,310,216	-	1,310,216
Differences between expected and actual experience	(88,748)	-	(88,748)
Changes in assumptions	485,592	-	485,592
Employer contributions	-	1,009,906	(1,009,906)
Net investment income	-	1,347,170	(1,347,170)
Benefit payments, including refunds of employee contributions	(1,366,270)	(1,366,270)	-
Administrative expense	-	(19,425)	19,425
Net changes	429,926	971,381	(541,455)
<b>Balances at December 31, 2020</b>	<b>\$ 18,308,180</b>	<b>\$ 10,773,100</b>	<b>\$ 7,535,080</b>

*Changes in assumptions.* A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

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:

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

	1% Decrease (6.6%)	Current Discount Rate	1% Increase (8.6%)
City's net pension liability	\$ 9,429,830	\$ 7,535,080	\$ 5,931,156

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

### ***Pension Expense and Deferred Outflows of Resources Related to Pensions***

For the year ended June 30, 2021, the City recognized pension expense of \$946,303. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 431,698	\$ (431,698)
Contributions subsequent to the measurement date	836,164	-	836,164
<b>Total</b>	<u>\$ 836,164</u>	<u>\$ 431,698</u>	<u>\$ 404,466</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
2022	\$ (87,980)
2023	(3,942)
2024	(216,473)
2025	<u>(123,303)</u>
<b>Total</b>	<u>\$ (431,698)</u>

*Payable to the Pension Plan.* At June 30, 2021, the City reported a payable of \$86,444 for the outstanding contribution amounts payable to the pension plan.

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### 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 7.43% of the cost of improvements incurred by the County. The terms of the ground lease dictate that the County or City may terminate the lease on or after the December 31 occurring not earlier than ten years following occupancy (“termination date”). For ten years following the termination date, the County or City may terminate the lease subject to varying percentage payments reimbursing the City for its pro rata share of the cost of improvements. After the tenth year following the termination date, either party may terminate the lease subject to 100% reimbursement of the City’s pro rata share of the cost of improvements.

### 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	Local Street	Street Millage II	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid items	\$ 87,558	\$ -	\$ -	\$ -	\$ 87,558
Restricted for:					
Drug law enforcement	-	-	-	4,259	4,259
Streets	-	218,249	-	318,253	536,502
Garbage	-	-	-	157,499	157,499
Debt service	-	-	-	668	668
Capital projects	-	-	-	23,972	23,972
	-	218,249	-	504,651	722,900
Unassigned	2,777,449	-	(90,486)	-	2,686,963
<b>Totals fund balances (deficit) - governmental funds</b>	<b>\$ 2,865,007</b>	<b>\$ 218,249</b>	<b>\$ (90,486)</b>	<b>\$ 504,651</b>	<b>\$ 3,497,421</b>

# CITY OF ST. JOHNS, MICHIGAN

## Notes to Financial Statements

### 16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2021, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 1,277,756	\$ 169,161
Capital assets being depreciated, net	12,060,614	15,671,452
	<u>13,338,370</u>	<u>15,840,613</u>
Related debt and deferred charges:		
Total bonds, notes and loans	(1,175,690)	(11,093,129)
Deferred charge on refunding	-	189,556
	<u>(1,175,690)</u>	<u>(10,903,573)</u>
<b>Net investment in capital assets</b>	<u>\$ 12,162,680</u>	<u>\$ 4,937,040</u>

### 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, 2021, the City's property taxes were reduced by \$25,045 under this program. The City had the Obsolete Property Rehabilitation Act Only for the year ended June 30, 2021 of \$2,817.02.

### 18. RESTATEMENT

The City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, during the current year. The implementation of this new standard had no impact on the beginning net position.

# CITY OF ST. JOHNS, MICHIGAN

## ■ Notes to Financial Statements

### 19. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received \$284,056 during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases of personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.

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## **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,			
	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ 89,136	\$ 86,150	\$ 88,334	\$ 94,111
Interest	1,310,216	1,322,437	1,309,890	1,356,935
Differences between expected and actual experience	(88,748)	115,202	101,999	(699,069)
Changes of assumptions	485,592	542,432	-	-
Benefit payments, including refunds of employee contributions	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)
<b>Net change in total pension liability</b>	<u>429,926</u>	<u>715,521</u>	<u>166,268</u>	<u>(588,302)</u>
Total pension liability, beginning of year	<u>17,878,254</u>	<u>17,162,733</u>	<u>16,996,465</u>	<u>17,584,767</u>
<b>Total pension liability, end of year</b>	<u>18,308,180</u>	<u>17,878,254</u>	<u>17,162,733</u>	<u>16,996,465</u>
<b>Plan fiduciary net position</b>				
Employer contributions	1,009,906	1,518,342	1,407,512	1,077,978
Employee contributions	-	-	-	-
Net investment income (loss)	1,347,170	1,151,920	(356,262)	1,051,371
Benefit payments, including refunds of employee contributions	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)
Administrative expense	(19,425)	(19,818)	(17,035)	(16,672)
<b>Net change in plan fiduciary net position</b>	<u>971,381</u>	<u>1,299,744</u>	<u>(299,740)</u>	<u>772,398</u>
Plan fiduciary net position, beginning of year	<u>9,801,719</u>	<u>8,501,975</u>	<u>8,801,715</u>	<u>8,029,317</u>
<b>Plan fiduciary net position, end of year</b>	<u>10,773,100</u>	<u>9,801,719</u>	<u>8,501,975</u>	<u>8,801,715</u>
<b>City's net pension liability</b>	<u>\$ 7,535,080</u>	<u>\$ 8,076,535</u>	<u>\$ 8,660,758</u>	<u>\$ 8,194,750</u>
Plan fiduciary net position as a percentage of total pension liability	58.8%	54.8%	49.5%	51.8%
Covered payroll	\$ 762,818	\$ 734,094	\$ 751,578	\$ 801,333
City's net pension liability as a percentage of covered payroll	987.80%	1100.20%	1152.34%	1022.64%

See notes to required supplementary information.



Fiscal Year Ending June 30,		
2017	2016	2015

\$ 102,314	\$ 104,868	\$ 102,554
1,349,463	1,322,685	1,315,290
(5,998)	73,277	-
-	685,498	-
<u>(1,356,279)</u>	<u>(1,342,352)</u>	<u>(1,316,382)</u>
89,500	843,976	101,462
<u>17,495,267</u>	<u>16,651,291</u>	<u>16,549,829</u>
<u>17,584,767</u>	<u>17,495,267</u>	<u>16,651,291</u>

762,754	702,800	663,817
3,938	4,095	4,054
851,897	(120,666)	533,601
(1,356,279)	(1,342,352)	(1,316,382)
<u>(16,847)</u>	<u>(18,062)</u>	<u>(19,451)</u>
245,463	(774,185)	(134,361)
<u>7,783,854</u>	<u>8,558,039</u>	<u>8,692,400</u>

<u>8,029,317</u>	<u>7,783,854</u>	<u>8,558,039</u>
<u>\$ 9,555,450</u>	<u>\$ 9,711,413</u>	<u>\$ 8,093,252</u>

45.7%	44.5%	51.4%
\$ 865,538	\$ 889,705	\$ 870,041
1103.99%	1091.53%	930.22%

## 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%
2021	1,037,328	1,354,828	(317,500)	766,472	176.76%

See notes to required supplementary information.



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

# CITY OF ST. JOHNS, MICHIGAN

## Nonmajor Governmental Funds

### Special Revenue Funds

*Major Streets* - This fund accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for major streets and roads. State law requires that these taxes be used for street maintenance and construction.

*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, 2021

	Special Revenue Funds			Debt Service Fund
	Major Streets	Garbage	Drug Law Enforcement	2007 Building Authority Capital Improvement Bonds
<b>Assets</b>				
Cash and cash equivalents	\$ 232,919	\$ 172,135	\$ 4,259	\$ 668
Due from other governments	114,161	-	-	-
Special assessments receivable	-	-	-	-
<b>Total assets</b>	<u>\$ 347,080</u>	<u>\$ 172,135</u>	<u>\$ 4,259</u>	<u>\$ 668</u>
<b>Liabilities</b>				
Accounts payable	\$ 25,278	\$ 9,690	\$ -	\$ -
Accrued liabilities	2,243	3,621	-	-
Due to other funds	1,306	1,325	-	-
<b>Total liabilities</b>	28,827	14,636	-	-
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	-	-	-	-
<b>Fund balances</b>				
Restricted	<u>318,253</u>	<u>157,499</u>	<u>4,259</u>	<u>668</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 347,080</u>	<u>\$ 172,135</u>	<u>\$ 4,259</u>	<u>\$ 668</u>





Capital Projects Funds				
Fantasy Forest	Splash Park	Street Millage	Revolving Special Assessment	Total
\$ 5,813	\$ 5,493	\$ 1,637	\$ 11,029	\$ 433,953
-	-	-	-	114,161
-	-	-	9,875	9,875
<u>\$ 5,813</u>	<u>\$ 5,493</u>	<u>\$ 1,637</u>	<u>\$ 20,904</u>	<u>\$ 557,989</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,968
-	-	-	-	5,864
-	-	-	-	2,631
-	-	-	-	43,463
-	-	-	9,875	9,875
<u>5,813</u>	<u>5,493</u>	<u>1,637</u>	<u>11,029</u>	<u>504,651</u>
<u>\$ 5,813</u>	<u>\$ 5,493</u>	<u>\$ 1,637</u>	<u>\$ 20,904</u>	<u>\$ 557,989</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, 2021

	Special Revenue Funds			Debt Service Fund
	Major Streets	Garbage	Drug Law Enforcement	2007 Building Authority Capital Improvement Bonds
<b>Revenues</b>				
Taxes	\$ -	\$ 115,735	\$ -	\$ -
Intergovernmental	697,216	3,685	-	-
Charges for services	-	507,490	-	-
Interest and rentals	-	36	(8)	-
Other revenues	51	1,890	-	-
<b>Total revenues</b>	<b>697,267</b>	<b>628,836</b>	<b>(8)</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Public works	621,188	683,443	-	-
Debt service:				
Principal	-	-	-	190,000
Interest and fiscal charges	-	-	-	13,395
<b>Total expenditures</b>	<b>621,188</b>	<b>683,443</b>	<b>-</b>	<b>203,395</b>
Revenues over (under) expenditures	76,079	(54,607)	(8)	(203,395)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	203,395
Transfers out	(261,991)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(261,991)</b>	<b>-</b>	<b>-</b>	<b>203,395</b>
<b>Net change in fund balances</b>	<b>(185,912)</b>	<b>(54,607)</b>	<b>(8)</b>	<b>-</b>
Fund balances, beginning of year	504,165	212,106	4,267	668
<b>Fund balances, end of year</b>	<b>\$ 318,253</b>	<b>\$ 157,499</b>	<b>\$ 4,259</b>	<b>\$ 668</b>



Capital Projects Funds				
Fantasy Forest	Splash Park	Street Millage	Revolving Special Assessment	Total
\$ -	\$ -	\$ 1,120	\$ -	\$ 116,855
-	-	-	-	700,901
-	-	-	-	507,490
(12)	(11)	-	-	5
-	-	-	1,961	3,902
(12)	(11)	1,120	1,961	1,329,153
-	-	-	-	1,304,631
-	-	-	-	190,000
-	-	-	-	13,395
-	-	-	-	1,508,026
(12)	(11)	1,120	1,961	(178,873)
-	-	-	-	203,395
-	-	-	-	(261,991)
-	-	-	-	(58,596)
(12)	(11)	1,120	1,961	(237,469)
5,825	5,504	517	9,068	742,120
<u>\$ 5,813</u>	<u>\$ 5,493</u>	<u>\$ 1,637</u>	<u>\$ 11,029</u>	<u>\$ 504,651</u>

# 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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 1,212,706	\$ 1,212,706	\$ 697,216	\$ (515,490)
Interest and rentals	750	750	-	(750)
Other revenues	-	-	51	51
<b>Total revenues</b>	<u>1,213,456</u>	<u>1,213,456</u>	<u>697,267</u>	<u>(516,189)</u>
<b>Expenditures</b>				
Current -				
Public works -				
Highway and streets:				
Administrative	207,101	219,009	58,346	(160,663)
Street maintenance	1,549,515	827,164	479,198	(347,966)
Traffic service maintenance	48,366	56,390	35,867	(20,523)
Winter maintenance	54,121	57,806	47,777	(10,029)
<b>Total expenditures</b>	<u>1,859,103</u>	<u>1,160,369</u>	<u>621,188</u>	<u>(539,181)</u>
Revenues over (under) expenditures	<u>(645,647)</u>	<u>53,087</u>	<u>76,079</u>	<u>22,992</u>
<b>Other financing sources (uses)</b>				
Transfers in	626,600	326,600	-	(326,600)
Transfers out	(261,819)	(261,819)	(261,991)	(172)
<b>Total other financing sources (uses)</b>	<u>364,781</u>	<u>64,781</u>	<u>(261,991)</u>	<u>(326,772)</u>
<b>Net change in fund balance</b>	<u>(280,866)</u>	<u>117,868</u>	<u>(185,912)</u>	<u>(303,780)</u>
Fund balance, beginning of year	<u>504,165</u>	<u>504,165</u>	<u>504,165</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 223,299</u>	<u>\$ 622,033</u>	<u>\$ 318,253</u>	<u>\$ (303,780)</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, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 114,594	\$ 114,594	\$ 115,735	\$ 1,141
Intergovernmental	2,000	2,000	3,685	1,685
Charges for services	530,000	530,000	507,490	(22,510)
Interest and rentals	500	500	36	(464)
Other revenues	-	-	1,890	1,890
<b>Total revenues</b>	<b>647,094</b>	<b>647,094</b>	<b>628,836</b>	<b>(18,258)</b>
<b>Expenditures</b>				
Current -				
Public works	649,490	675,580	683,443	7,863
<b>Net change in fund balance</b>	<b>(2,396)</b>	<b>(28,486)</b>	<b>(54,607)</b>	<b>(26,121)</b>
Fund balance, beginning of year	212,106	212,106	212,106	-
<b>Fund balance, end of year</b>	<b>\$ 209,710</b>	<b>\$ 183,620</b>	<b>\$ 157,499</b>	<b>\$ (26,121)</b>

**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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ -	\$ -	\$ (8)	\$ (8)
Fund balance, beginning of year	<u>4,267</u>	<u>4,267</u>	<u>4,267</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,267</u>	<u>\$ 4,267</u>	<u>\$ 4,259</u>	<u>\$ (8)</u>

**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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures</b>				
Debt service:				
Principal	\$ 190,000	\$ 190,000	\$ 190,000	\$ -
Interest and fiscal charges	13,395	13,395	13,395	-
<b>Total expenditures</b>	203,395	203,395	203,395	-
<b>Other financing sources</b>				
Transfers in	203,394	203,394	203,395	1
<b>Net change in fund balance</b>	(1)	(1)	-	1
Fund balance, beginning of year	668	668	668	-
<b>Fund balance, end of year</b>	<u>\$ 667</u>	<u>\$ 667</u>	<u>\$ 668</u>	<u>\$ 1</u>

**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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ -	\$ -	\$ (12)	\$ (12)
<b>Expenditures</b>				
Current -				
Recreation and culture	2,000	2,000	-	(2,000)
<b>Net change in fund balance</b>	(2,000)	(2,000)	(12)	1,988
Fund balance, beginning of year	5,825	5,825	5,825	-
<b>Fund balance, end of year</b>	<u>\$ 3,825</u>	<u>\$ 3,825</u>	<u>\$ 5,813</u>	<u>\$ 1,988</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ -	\$ -	\$ (11)	\$ (11)
Fund balance, beginning of year	5,504	5,504	5,504	-
<b>Fund balance, end of year</b>	\$ 5,504	\$ 5,504	\$ 5,493	\$ (11)

**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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 1,120	\$ 1,120
Fund balance, beginning of year	517	517	517	-
<b>Fund balance, end of year</b>	<u>\$ 517</u>	<u>\$ 517</u>	<u>\$ 1,637</u>	<u>\$ 1,120</u>

**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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 675,689	\$ 675,689	\$ 677,635	\$ 1,946
Intergovernmental	10,000	10,000	21,983	11,983
<b>Total revenues</b>	685,689	685,689	699,618	13,929
<b>Other financing uses</b>				
Transfers out	(906,100)	(1,616,100)	(964,053)	(652,047)
<b>Net change in fund balance</b>	(220,411)	(930,411)	(264,435)	665,976
Fund balance, beginning of year	173,949	173,949	173,949	-
<b>Fund balance, end of year</b>	<u>\$ (46,462)</u>	<u>\$ (756,462)</u>	<u>\$ (90,486)</u>	<u>\$ 665,976</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  
 Revolving Special Assessment Capital Projects Fund  
 For the Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenues</b>				
Other revenues	\$ 2,000	\$ 2,000	\$ 1,961	\$ (39)
Fund balance, beginning of year	<u>9,068</u>	<u>9,068</u>	<u>9,068</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 11,068</u></u>	<u><u>\$ 11,068</u></u>	<u><u>\$ 11,029</u></u>	<u><u>\$ (39)</u></u>

## **STATISTICAL SECTION**

# CITY OF ST. JOHNS, MICHIGAN

## Statistical Section Table of Contents

This part of the City’s Annual Comprehensive 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.

		<u>Page</u>
<b>Financial Trends</b> <b>Tables 1 - 4</b>	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.	82-90
<b>Revenue Capacity</b> <b>Tables 5 - 8</b>	These schedules contain information to help the reader assess the City’s ability to generate its most significant local revenue source, the property tax.	92-98
<b>Debt Capacity</b> <b>Tables 9 - 12</b>	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.	100-105
<b>Demographic and Economic Information</b> <b>Tables 13 - 14</b>	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.	107-108
<b>Operating Information</b> <b>Tables 15 - 17</b>	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.	109-113

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)

	2012	2013	2014	2015
<b>Governmental activities</b>				
Net investment in capital assets	\$ 5,764,422	\$ 5,545,869	\$ 5,528,294	\$ 6,713,405
Restricted	1,266,665	1,444,773	1,448,811	1,243,761
Unrestricted (deficit)	2,068,629	1,921,027	1,858,441	(3,222,810)
<b>Total governmental activities net position</b>	<b>9,099,716</b>	<b>8,911,669</b>	<b>8,835,546</b>	<b>4,734,356</b>
<b>Business-type activities</b>				
Net investment in capital assets	4,993,664	4,878,351	5,100,038	5,443,887
Restricted	1,316,369	1,323,869	1,241,700	1,267,273
Unrestricted (deficit)	3,489,385	3,059,535	2,909,945	(316,146)
<b>Total business-type activities net position</b>	<b>9,799,418</b>	<b>9,261,755</b>	<b>9,251,683</b>	<b>6,395,014</b>
<b>Primary government</b>				
Net investment in capital assets	10,758,086	10,424,220	10,628,332	12,157,292
Restricted	2,583,034	2,768,642	2,690,511	2,511,034
Unrestricted (deficit)	5,558,014	4,980,562	4,768,386	(3,538,956)
<b>Total primary government net position</b>	<b>\$ 18,899,134</b>	<b>\$ 18,173,424</b>	<b>\$ 18,087,229</b>	<b>\$ 11,129,370</b>

Source: City of St. Johns Basic Financial Statements

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

Table 1  
Unaudited

2016	2017	2018	2019	2020	2021
\$ 8,036,749	\$ 8,517,535	\$ 9,347,297	\$ 10,113,212	\$ 10,883,269	\$ 12,162,680
731,998	689,664	866,424	1,040,645	1,145,645	732,107
(3,533,847)	(3,894,379)	(3,442,469)	(3,206,153)	(2,884,923)	(2,120,565)
5,234,900	5,312,820	6,771,252	7,947,704	9,143,991	10,774,222
5,383,065	5,167,990	4,909,221	4,874,133	4,272,845	4,937,040
1,273,055	1,495,705	1,297,632	1,099,042	1,166,811	1,173,176
(853,900)	(1,267,218)	(623,091)	(627,322)	77,476	376,007
5,802,220	5,396,477	5,583,762	5,345,853	5,517,132	6,486,223
13,419,814	13,685,525	14,256,518	14,987,345	15,156,114	17,099,720
2,005,053	2,185,369	2,164,056	2,139,687	2,312,456	1,905,283
(4,387,747)	(5,161,597)	(4,065,560)	(3,833,475)	(2,807,447)	(1,744,558)
\$ 11,037,120	\$ 10,709,297	\$ 12,355,014	\$ 13,293,557	\$ 14,661,123	\$ 17,260,445



## CITY OF ST. JOHNS, MICHIGAN

### Changes in Net Position

Last Ten Fiscal Years  
(accrual basis of accounting)

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,625,884	\$ 1,569,775	\$ 1,533,050	\$ 1,239,099
Public safety	1,232,431	1,309,145	1,405,036	1,465,663
Public works	2,075,051	2,173,149	2,067,006	1,987,632
Community and economic development	-	604	-	-
Recreation and culture	658,138	763,370	633,608	909,829
Interest on long-term debt	185,327	128,460	126,170	101,805
Total governmental activities expenses	5,776,831	5,944,503	5,764,870	5,704,028
Business-type activities:				
Water and sewer	3,971,813	3,784,453	3,775,216	3,784,439
<b>Total primary government expenses</b>	<b>9,748,644</b>	<b>9,728,956</b>	<b>9,540,086</b>	<b>9,488,467</b>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
Refuse collection	579,000	599,455	606,533	623,608
Other public works	627,066	649,219	656,884	675,377
Other activities	400,194	414,332	419,224	431,026
Operating grants and contributions	1,402,983	978,150	941,965	1,035,542
Capital grants and contributions	67,851	63,224	-	-
Total governmental activities program revenues	3,077,094	2,704,380	2,624,606	2,765,553
Business-type activities:				
Charges for services:				
Water and sewer	3,356,057	3,426,030	3,395,952	3,362,116
Other activities	5,000	5,000	5,000	5,000
Capital grants and contributions	152,417	101,918	44,918	-
Total business-type activities program revenues	3,513,474	3,532,948	3,445,870	3,367,116
<b>Total primary government program revenues</b>	<b>6,590,568</b>	<b>6,237,328</b>	<b>6,070,476</b>	<b>6,132,669</b>

Table 2  
Unaudited

	2016	2017	2018	2019	2020	2021
\$	1,679,719	\$ 1,681,359	\$ 1,404,660	\$ 1,904,280	\$ 2,146,539	\$ 1,748,112
	1,734,544	1,777,613	1,367,562	1,324,342	1,557,120	1,732,836
	2,137,325	2,103,309	1,972,143	2,142,768	2,241,780	2,229,720
	-	-	-	-	-	-
	772,324	748,442	319,239	458,453	380,473	347,816
	82,107	67,377	78,603	5,728	22,759	21,616
	<u>6,406,019</u>	<u>6,378,100</u>	<u>5,142,207</u>	<u>5,835,571</u>	<u>6,348,671</u>	<u>6,080,100</u>
	<u>4,059,601</u>	<u>4,219,907</u>	<u>3,680,513</u>	<u>4,367,430</u>	<u>4,233,135</u>	<u>4,373,400</u>
	<u>10,465,620</u>	<u>10,598,007</u>	<u>8,822,720</u>	<u>10,203,001</u>	<u>10,581,806</u>	<u>10,453,500</u>
	593,255	641,906	537,662	619,344	606,439	601,839
	761,392	730,367	883,208	670,760	656,783	651,800
	370,199	325,005	-	428,079	419,159	415,979
	981,267	892,971	1,284,404	1,609,373	2,022,365	1,912,311
	432,819	40,946	62,392	-	-	-
	<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>	<u>3,581,929</u>
	3,496,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583
	-	-	-	-	-	-
	-	-	-	-	-	-
	<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>5,294,583</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>	<u>8,876,512</u>

continued...

## CITY OF ST. JOHNS, MICHIGAN

### Changes in Net Position

Last Ten Fiscal Years  
(accrual basis of accounting)

	2012	2013	2014	2015
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (2,699,737)	\$ (3,240,124)	\$ (3,140,264)	\$ (2,938,475)
Business-type activities	(458,339)	(251,505)	(329,346)	(417,323)
<b>Total primary government net expense</b>	<u>(3,158,076)</u>	<u>(3,491,629)</u>	<u>(3,469,610)</u>	<u>(3,355,798)</u>
<b>General revenues</b>				
Governmental activities:				
Taxes	2,227,200	2,203,982	2,185,855	2,962,510
State shared revenue	647,375	665,287	683,247	695,460
Investment earnings	2,946	1,839	2,563	2,117
Gain on sale of capital assets	9,327	-	-	-
Miscellaneous	130,326	147,536	164,217	197,891
Special item - disposal of operations	-	-	-	-
Transfers	45,979	33,433	28,259	28,259
Total governmental activities	<u>3,063,153</u>	<u>3,052,077</u>	<u>3,064,141</u>	<u>3,886,237</u>
Business-type activities:				
Investment earnings	2,730	1,816	1,850	1,552
Gain on sale of capital assets	-	-	-	-
Miscellaneous	124,530	107,053	56,849	74,158
Transfers	(33,433)	(28,259)	(28,259)	(22,442)
Total business-type activities	<u>93,827</u>	<u>80,610</u>	<u>30,440</u>	<u>53,268</u>
<b>Total primary government</b>	<u>3,156,980</u>	<u>3,132,687</u>	<u>3,094,581</u>	<u>3,939,505</u>
<b>Change in net position</b>				
Governmental activities	363,416	(188,047)	(76,123)	947,762
Business-type activities	(364,512)	(170,895)	(298,906)	(364,055)
<b>Total primary government</b>	<u>\$ (1,096)</u>	<u>\$ (358,942)</u>	<u>\$ (375,029)</u>	<u>\$ 583,707</u>

Source: City of St. Johns Basic Financial Statements

Table 2  
Unaudited

2016	2017	2018	2019	2020	2021
\$ (3,267,087)	\$ (3,746,905)	\$ (2,374,541)	\$ (2,508,015)	\$ (2,643,925)	\$ (2,498,171)
(563,157)	494,853	144,857	(380,261)	44,331	921,183
<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>	<u>(1,576,988)</u>
2,979,385	2,800,215	2,882,943	2,720,724	2,980,885	3,127,224
694,890	725,154	751,862	781,138	764,376	872,877
2,929	5,320	8,867	11,640	24,674	12,946
-	-	-	122,471	23,300	57,700
193,325	265,877	166,859	21,331	19,574	30,052
(402,417)	-	-	-	-	-
28,259	28,259	22,442	27,163	27,403	27,603
<u>3,496,371</u>	<u>3,824,825</u>	<u>3,832,973</u>	<u>3,684,467</u>	<u>3,840,212</u>	<u>4,128,402</u>
3,885	9,101	11,515	20,754	18,836	5,023
-	-	-	3,000	15,000	-
83,716	108,268	53,355	145,761	120,515	70,488
(28,259)	(28,259)	(22,442)	(27,163)	(27,403)	(27,603)
<u>59,342</u>	<u>89,110</u>	<u>42,428</u>	<u>142,352</u>	<u>126,948</u>	<u>47,908</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>	<u>4,176,310</u>
229,284	77,920	1,458,432	1,176,452	1,196,287	1,630,231
(503,815)	(405,743)	187,285	(237,909)	171,279	969,091
<u>\$ (274,531)</u>	<u>\$ (327,823)</u>	<u>\$ 1,645,717</u>	<u>\$ 938,543</u>	<u>\$ 1,367,566</u>	<u>\$ 2,599,322</u>

concluded

## CITY OF ST. JOHNS, MICHIGAN

### Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
General fund				
Nonspendable	\$ 41,359	\$ 42,736	\$ 32,741	\$ 75,240
Assigned	958,329	1,000,000	1,000,000	1,000,000
Unassigned	870,000	926,946	1,042,160	1,110,725
<b>Total general fund</b>	<b>\$ 1,869,688</b>	<b>\$ 1,969,682</b>	<b>\$ 2,074,901</b>	<b>\$ 2,185,965</b>
All other governmental funds				
Nonspendable	\$ 3,454	\$ 3,711	\$ 4,388	\$ 3,637
Restricted	1,266,693	1,488,290	1,492,147	1,274,773
Assigned	292,881	43,000	42,500	53,529
Unassigned (deficit)	-	-	(181,764)	(220,947)
<b>Total all other governmental funds</b>	<b>\$ 1,563,028</b>	<b>\$ 1,535,001</b>	<b>\$ 1,357,271</b>	<b>\$ 1,110,992</b>

Source: City of St. Johns basic financial statements

Table 3  
Unaudited

2016	2017	2018	2019	2020	2021
\$ 36,101	\$ 87,790	\$ 32,020	\$ 60,962	\$ 80,501	\$ 87,558
1,000,000	866,000	-	-	-	-
<u>1,214,733</u>	<u>1,248,570</u>	<u>1,980,769</u>	<u>2,175,033</u>	<u>2,258,089</u>	<u>2,777,449</u>
<u>\$ 2,250,834</u>	<u>\$ 2,202,360</u>	<u>\$ 2,012,789</u>	<u>\$ 2,235,995</u>	<u>\$ 2,338,590</u>	<u>\$ 2,865,007</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
731,998	689,664	866,424	1,041,313	1,146,313	722,900
-	-	-	-	-	-
<u>(275,718)</u>	<u>(412,408)</u>	<u>(125,297)</u>	<u>(363,422)</u>	<u>-</u>	<u>(90,486)</u>
<u>\$ 456,280</u>	<u>\$ 277,256</u>	<u>\$ 741,127</u>	<u>\$ 677,891</u>	<u>\$ 1,146,313</u>	<u>\$ 632,414</u>

## CITY OF ST. JOHNS, MICHIGAN

### Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$ 2,277,465	\$ 2,251,154	\$ 2,225,155	\$ 3,001,810
Licenses and permits	81,033	113,824	117,345	117,171
Intergovernmental	2,007,475	1,509,187	1,526,236	1,634,860
Charges for services	1,466,169	1,483,161	1,508,850	1,534,362
Fines and forfeitures	36,882	40,735	35,059	33,629
Interest and rentals	25,103	26,843	22,863	23,912
Contributions	-	-	-	-
Other revenue	241,060	345,010	263,193	294,033
<b>Total revenues</b>	<u>6,135,187</u>	<u>5,769,914</u>	<u>5,698,701</u>	<u>6,639,777</u>
<b>Expenditures</b>				
Current:				
General government	1,408,439	1,375,062	1,450,796	1,330,285
Public safety	1,258,157	1,277,285	1,379,660	1,433,635
Public works	2,237,409	1,710,335	1,516,231	1,522,377
Community and economic development	-	604	-	-
Recreation and cultural	565,342	675,316	577,225	833,274
Debt service				
Principal	399,218	425,955	399,363	425,109
Interest	164,439	139,505	123,086	107,777
Capital outlay	193,581	127,318	353,110	1,150,794
<b>Total expenditures</b>	<u>6,226,585</u>	<u>5,731,380</u>	<u>5,799,471</u>	<u>6,803,251</u>
<b>Revenues over (under) expenditures</b>	<u>(91,398)</u>	<u>38,534</u>	<u>(100,770)</u>	<u>(163,474)</u>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of long-term debt	-	-	-	-
Transfers in	748,045	645,616	455,013	426,921
Transfers out	(702,066)	(612,183)	(426,754)	(398,662)
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>45,979</u>	<u>33,433</u>	<u>28,259</u>	<u>28,259</u>
<b>Special item - disposal of operations</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (45,419)</u>	<u>\$ 71,967</u>	<u>\$ (72,511)</u>	<u>\$ (135,215)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>9.34%</u>	<u>10.09%</u>	<u>9.59%</u>	<u>9.43%</u>

Source: City of St. Johns Basic Financial Statements

Table 4  
Unaudited

	2016	2017	2018	2019	2020	2021
\$	2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,745,039	\$ 2,982,861	\$ 3,129,199
	16,481	18,362	22,770	141,560	128,189	134,463
	1,733,976	1,659,071	2,086,068	1,970,801	2,538,308	2,235,056
	1,545,567	1,585,772	1,495,230	1,519,899	1,505,251	1,483,874
	40,955	34,392	25,939	25,629	19,546	22,504
	25,627	28,872	33,977	34,264	48,513	31,905
	-	-	-	36,655	-	-
	256,078	302,710	215,644	404,386	268,007	122,042
	<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>	<u>7,159,043</u>
	1,393,180	1,464,770	1,552,741	1,648,019	1,627,015	1,669,350
	1,518,968	1,656,139	1,595,507	1,684,724	1,778,214	1,863,571
	1,572,503	1,519,479	1,468,507	2,587,201	2,677,921	3,129,696
	-	-	-	-	-	-
	655,916	281,026	293,499	401,712	308,998	290,636
	340,872	361,653	1,415,453	345,270	202,453	194,360
	89,847	74,412	68,910	25,874	17,078	13,395
	<u>1,321,621</u>	<u>1,327,672</u>	<u>1,232,138</u>	<u>158,788</u>	<u>335,382</u>	<u>95,820</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>7,256,828</u>
	<u>(294,838)</u>	<u>(255,757)</u>	<u>(864,184)</u>	<u>26,645</u>	<u>543,614</u>	<u>(97,785)</u>
	-	-	1,116,042	-	-	-
	546,216	328,624	326,633	1,254,832	335,782	1,267,448
	(517,957)	(300,365)	(304,191)	(1,227,669)	(308,379)	(1,239,845)
	-	-	-	106,162	-	82,700
	<u>28,259</u>	<u>28,259</u>	<u>1,138,484</u>	<u>133,325</u>	<u>27,403</u>	<u>110,303</u>
	<u>(323,264)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(589,843)</u>	<u>(227,498)</u>	<u>274,300</u>	<u>159,970</u>	<u>571,017</u>	<u>12,518</u>
	<u>7.73%</u>	<u>8.14%</u>	<u>23.21%</u>	<u>6.53%</u>	<u>3.97%</u>	<u>3.58%</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
2011	2012	\$ 136,072,875	\$ 42,579,284	\$ 5,059,314	\$ 316,909	\$ 17,807,200
2012	2013	131,689,328	42,825,605	4,766,258	323,855	17,823,100
2013	2014	130,806,543	44,727,741	4,561,030	340,132	17,360,000
2014	2015	131,636,561	43,814,183	4,254,867	325,085	14,454,400
2015	2016	130,490,412	42,824,938	4,248,343	296,801	15,299,600
2016	2017	133,344,131	44,042,207	3,623,843	-	14,746,700
2017	2018	136,584,114	45,544,434	3,629,201	-	13,540,615
2018	2019	141,317,631	47,058,207	3,615,563	-	13,023,600
2019	2020	146,649,825	49,566,861	4,622,968	-	15,549,400
2020	2021	152,141,851	53,772,840	12,555,070	-	16,890,600

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

Special Act Parcels	Total Taxable Value	Direct Tax Rate (mills) (1)	Total SEV	Taxable Value as a % of SEV
\$ 3,894,647	\$ 205,730,229	11.1682	\$ 220,387,400	93.3%
3,933,278	201,361,424	11.1737	211,779,600	95.1%
3,915,000	201,710,446	11.1732	210,046,200	96.0%
4,742,800	199,227,896	15.1775	207,224,500	96.1%
4,107,079	197,267,173	15.1763	212,672,100	92.8%
3,271,398	199,028,279	14.6812	219,714,225	90.6%
2,973,906	202,272,270	14.1848	236,081,315	85.7%
2,852,651	207,867,652	13.1776	249,636,600	83.3%
2,364,912	218,753,966	13.6569	261,540,900	83.6%
2,446,419	237,806,780	13.5967	284,380,600	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
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
2021	9.9810	0.2100	0.5000	0.0000	2.9658	13.6568

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

<b>St. Johns Public Schools (2)</b>	<b>Clinton County</b>	<b>Clinton County Regional Educational Service Agency</b>	<b>Clinton Transit</b>	<b>State Education Tax</b>	<b>District Library</b>	<b>Total</b>
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
7.0000	6.5284	3.7762	0.6963	6.0000	0.7459	38.4036

## CITY OF ST. JOHNS, MICHIGAN

### Principal Property Taxpayers

June 30, 2021 and Nine Years Ago

Taxpayer	2021		
	Taxable Value	Rank	Total Taxable Value
Glanbia	\$ 13,868,321	1	5.41%
Consumers Energy	8,318,239	2	3.24%
Save-A-Lot	5,952,484	3	2.32%
Mahle	3,965,110	4	1.55%
Proliant	3,344,516	5	1.30%
Lone Oak - St Johns LLC	3,045,969	6	1.19%
1035 S US 27 LLC	2,154,541	7	0.84%
Glick Suntree LLC	2,086,594	8	0.81%
Clinton Commons	1,635,796	9	0.64%
Young Family Real Estate	1,561,416	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	<u>\$ 45,932,986</u>		<u>17.92%</u>

Source: City assessors office & 2011 financial statements

Table 7  
Unaudited



2012		
Taxable Value	Rank	Total Taxable Value
\$ -	-	0.00%
2,536,458	4	1.28%
6,990,800	1	3.54%
3,323,000	3	1.68%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
1,532,100	7	0.78%
-	-	0.00%
3,472,800	2	1.76%
2,020,600	6	1.02%
2,021,000	5	1.02%
1,239,900	9	0.63%
400,600	10	0.20%
1,367,800	8	0.69%
<u>\$ 24,905,058</u>		<u>12.61%</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
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
2021	2,237,506	671,228	47,934	-	112,935	3,069,603

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			
\$ 2,150,767	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%
2,963,603	96.55%	98,560	3,062,163	99.76%



## 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
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
2021	7,865	237,806,780	534,000	-	641,690

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
\$ 12,360,000	\$ 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
10,745,000	348,129	12,268,819	5.16%	1,560

## 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)
2012	7,865	\$ 205,730,229	\$ 3,110,000	\$ 308,214
2013	7,865	201,361,424	2,770,000	200,975
2014	7,865	201,710,446	2,420,000	140,106
2015	7,865	199,227,896	2,045,000	85,205
2016	7,865	197,267,173	1,755,000	84,546
2017	7,865	199,028,279	1,445,000	-
2018	7,865	202,272,270	1,201,000	-
2019	7,865	207,867,652	909,000	-
2020	7,865	218,753,966	724,000	-
2021	7,698	237,806,780	534,000	-

(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

	<b>Net General Bonded Debt</b>	<b>Net Debt to Assessed Value</b>	<b>Net Debt Per Capita</b>
\$	2,801,786	1.36%	356
	2,569,025	1.28%	327
	2,279,894	1.13%	290
	1,959,795	0.98%	249
	1,670,454	0.85%	212
	1,445,000	0.73%	184
	1,201,000	0.59%	153
	909,000	0.44%	116
	724,000	0.33%	92
	534,000	0.22%	69

**Direct and Overlapping Governmental Activities Debt**

June 30, 2021

Governmental Unit	Debt Outstanding (1)	Estimated Percent Applicable (*)	Direct and Estimated Overlapping Debt
St. Johns Public Schools	\$ 77,080,839	30.84%	\$ 23,771,731
Clinton County	<u>7,676,047</u>	7.51%	<u>576,471</u>
Total overlapping debt	84,756,886		24,348,202
City of St. Johns	<u>1,175,690</u>	100.00%	<u>1,175,690</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 85,932,576</u></u>		<u><u>\$ 25,523,892</u></u>

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

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

## CITY OF ST. JOHNS, MICHIGAN

### Legal Debt Margin

Last Ten Fiscal Years

	2012	2013	2014	2015
Legal debt limit	\$ 21,177,120	\$ 21,041,120	\$ 20,721,580	\$ 21,264,338
Total net debt applicable to limit	<u>3,641,732</u>	<u>3,191,245</u>	<u>2,766,278</u>	<u>2,314,466</u>
Legal debt margin	<u>\$ 17,535,388</u>	<u>\$ 17,849,875</u>	<u>\$ 17,955,302</u>	<u>\$ 18,949,872</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	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	2021
\$ 21,967,892	\$ 23,384,642	\$ 24,327,860	\$ 25,788,320	\$ 28,215,320	\$ 28,438,060
<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>1,559,819</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>	<u>\$ 26,878,241</u>
7.99%	6.18%	4.94%	3.52%	5.86%	5.48%

**Legal Debt Margin Calculation for Fiscal Year 2020**

State equalized value	\$ 284,380,600
Debt limit (10% of total state equalized value)	28,438,060
Debt applicable to limit	<u>1,559,819</u>
<b>Legal debt margin</b>	<u>\$ 26,878,241</u>

**Demographic and Economic Statistics**  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1 &amp; 2)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (3)(6)</b>	<b>Per Capita Unemployment Rate (5)</b>
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)	3.80%
2019	7,865	-	(4)	3.70%
2020	7,865	-	(4)	9.50%
2021	7,698	421,850,400	54,800	5.50%

Data Sources:

- (1) Source: 2010 Census report
- (2) Source: 2020 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.



**Principal Employers**

June 30, 2021 and 2012

	2021		2012	
	Number of Jobs (1)(2)	Percentage of Workforce	Number of Jobs (1)(2)	Percentage of Workforce
Government	58,200	26.42%	135,200	31.51%
Trade, Transportation & Utilities	34,600	15.36%	74,400	17.34%
Educational & Health Services	30,500	13.76%	59,200	13.80%
Professional & Business Services	20,900	10.31%	22,000	5.13%
Leisure & Hospitality	15,700	8.16%	17,000	3.96%
Manufacturing	19,100	8.04%	41,700	9.72%
Financial Activities	17,600	7.15%	13,700	3.19%
Other Services	10,800	4.29%	57,756	13.46%
Construction & Mining	9,700	3.41%	5,300	1.24%
Information	3,200	1.18%	2,800	0.65%
Totals	<u>220,300</u>		<u>429,056</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					
	2012	2013	2014	2015	2016
General government	8	8	8	8	8
Public safety (1)	10	10	11	11	12
Public works	18	18	22	22	21
Community and economic development	1	1	1	1	1
Recreation and culture	5	5	7	8	8
<b>Total</b>	<b>42</b>	<b>42</b>	<b>49</b>	<b>50</b>	<b>50</b>

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

[Redacted]

[Redacted]

2017	2018	2019	2020	2021
8	7	7	7	8
12	11	11	11.5	12.5
19	18	18	18	17
1	1	1	1	1
3	3	3	2	1
<u>43</u>	<u>40</u>	<u>40</u>	<u>39.5</u>	<u>39.0</u>

## CITY OF ST. JOHNS, MICHIGAN

### Operating Indicators by Function Last Ten Calendar Years

Function	2012	2013	2014	2015
<b>Public safety (1)</b>				
Physical arrests	338	404	329	272
Parking violations	886	1,071	1,086	962
Traffic violations	1,048	1,041	893	862
Emergency fire responses	59	83	114	93
<b>Public works (2)</b>				
Street resurfacing (miles)	1.21	0.99	0.53	3.80
Number of water meters	3,282	3,321	3,321	3,252
Average daily water consumption (gallons)	622,000	671,000	657,000	658,000
Peak daily water consumption	1,300,000	1,410,000	1,393,000	1,120,000
Average daily sewage treatment	1,200,000	1,090,000	1,200,000	1,250,000
<b>Recreation and culture (3)</b>				
Volumes of library collection	44,772	45,380	44,657	47,071
Volumes borrowed from library	108,602	93,611	89,559	82,670

(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



2016	2017	2018	2019	2020	2021
316	296	242	203	159	145
893	951	822	717	581	721
901	908	840	608	539	328
109	126	167	166	222	215
3.34	3.30	3.19	2.00	2.50	2.80
3,262	3,317	3,334	3,342	3,342	3,201
588,000	713,000	725,000	725,000	725,000	1,876,000
1,015,000	1,410,000	1,611,800	1,600,000	1,600,000	2,100,000
1,148,166	1,454,000	1,365,000	1,400,000	1,430,000	1,400,000
48,637	(3)	(3)	(3)	(3)	(3)
86,482	(3)	(3)	(3)	(3)	(3)

## CITY OF ST. JOHNS, MICHIGAN

### Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
<b>Public safety (1)</b>					
Police protection					
Number of stations	1	1	1	1	1
Fire protection					
Number of stations	1	1	1	1	1
<b>Public works (2)</b>					
Streets					
Streets (per lane mile)	80	87	87	87	87
Traffic signals	4	4	4	4	4
Water					
Mains (miles)	50	52	52	52	52
Fire hydrants	437	431	432	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	2.9	2.9
<b>Recreation and culture (3)</b>					
Parks (acres)	94	94	97	97	97
Playgrounds	6	6	6	6	6
Municipal swimming pools	-	-	-	-	1
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

2017	2018	2019	2020	2021
1	1	1	1	1
1	1	1	1	1
87	89	89	89	89
4	4	4	4	4
52	54	56	56	56
432	436	467	467	467
900,000	900,000	900,000	900,000	900,000
43	43	43	43	43
32	32	32	32	32
2.6	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

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

December 22, 2021

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, 2021, 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 22, 2021.

### **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.





## **Compliance and Other Matters**

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