

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

CITY OF ST. JOHNS, MICHIGAN

**PREPARED BY
KRISTINA KINDE, CITY TREASURER**

FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2-4
List of Elected and Appointed Officials.....	5
Organizational Chart.....	6
GFOA Certificate of Achievement.....	7
FINANCIAL SECTION	8
INDEPENDENT AUDITOR'S REPORT	9-12
MANAGEMENT'S DISCUSSION AND ANALYSIS	13-23
BASIC FINANCIAL STATEMENTS	24
Government-wide Financial Statements	
Statement of Net Position.....	25
Statement of Activities.....	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	27
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
Proprietary Funds	
Statement of Net Position.....	31
Statement of Revenues, Expenses, and Changes in Net Position.....	32
Statement of Cash Flows.....	33-34
Fiduciary Funds	
Statement of Fiduciary Net Position.....	35
Statement of Changes in Fiduciary Net Position.....	36
Component Unit Financial Statements	
Combining Statement of Net Position.....	37
Combining Statement of Changes in Net Position.....	38
Notes to Financial Statements.....	39-71

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION (continued)	
REQUIRED SUPPLEMENTARY INFORMATION	72
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund.....	73-74
Major Street Fund	75
Local Street Fund	76
Municipal Employees' Retirement System of Michigan	
Schedule of Changes in the Net Pension Liability and Related Ratios	77
Schedule of Pension Contributions.....	78
Notes to Required Supplementary Information	79
OTHER SUPPLEMENTARY INFORMATION.....	80
Nonmajor Governmental Funds	
Fund Descriptions.....	81
Combining Balance Sheet.....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	83
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Garbage Fund.....	84
Drug Law Enforcement Fund	85
2007 Building Authority Capital Improvement Bonds Debt Service Fund	86
Fantasy Forest Capital Projects Fund	87
Splash Park Capital Projects Fund.....	88
Street Millage Capital Projects Fund	89
Street Millage II Capital Projects Fund	90
Revolving Special Assessment Capital Projects Fund	91
Component Unit Funds	
Balance Sheets.....	92
Statements of Revenues, Expenditures, and Changes in Fund Balances	93

TABLE OF CONTENTS

Page

STATISTICAL SECTION (UNAUDITED)..... 94

Statistical Section Index 95

 Net Position by Component..... 96

 Changes in Net Position97-99

 Fund Balances - Governmental Funds 100

 Changes in Fund Balances - Governmental Funds..... 101-102

 Assessed Taxable Values (History of Property Values) 103

 Property Tax Rates - Direct and Overlapping Governments..... 104

 Principal Property Taxpayers 105

 Property Tax Levies and Collections 106

 Ratio of Outstanding Debt by Type 107

 Ratio of Net General Bonded Debt Outstanding 108

 Direct and Overlapping Governmental Activities Debt 109

 Computation of Legal Debt Margin 110

 Historical Legal Debt Margin 111

 Demographic Statistics 112

 Concentration of Workforce 113

 Full Time Equivalent City Employees by Function..... 114

 Operating Indicators by Function..... 115

 Capital Assets Statistics by Function..... 116

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 117-119

INTRODUCTORY SECTION

Roberta Cocco
Mayor

Scott Dzurka
Vice Mayor

Eric Hufnagel
Commissioner

Jean Ruestman
Commissioner

Brad Gurski
Commissioner



Dave J. Kudwa
City Manager

Mindy J. Seavey
City Clerk

Kristina Kinde
City Treasurer

Michael Homier
City Attorney

Steven M. Martin
Director of Public Services

December 20, 2022

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, 2022, 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.

Maner Costerisan, independent auditors, has issued unmodified, "clean" opinions on the City's financial statements for the year ended June 30, 2022. 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.

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 motor pool 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.

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 3.6%. 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 into the 2022/23 fiscal year. Currently the City's defined benefit pension plan is funded at 64% and the City is excited to have met this 60% funding prior to 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 approved to restore the full amount (10 mills) of the original authorized charter millage rate in 2020.

Financial Policies

In August 2016, the City Commission approved a Fund Balance Policy. The Policy is modeled after a recommendation from the Government Financial Officers Association. The Policy sets a goal to maintain an unassigned fund balance of 15% to 20% of expenditures. This Policy ensures the City maintains reserves to handle unplanned expenditures. Currently, the City's General Fund Unassigned Fund Balance is \$1,356,415 which is approximately 27% 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. In November 2022, the residents approved a 3 mills for 6 years millage to continue needed street improvements. 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. 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021; 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 Annual Comprehensive 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,



Dave Kudwa
City Manager



Kristina Kinde
City Treasurer

**CITY OF ST. JOHNS
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2022**

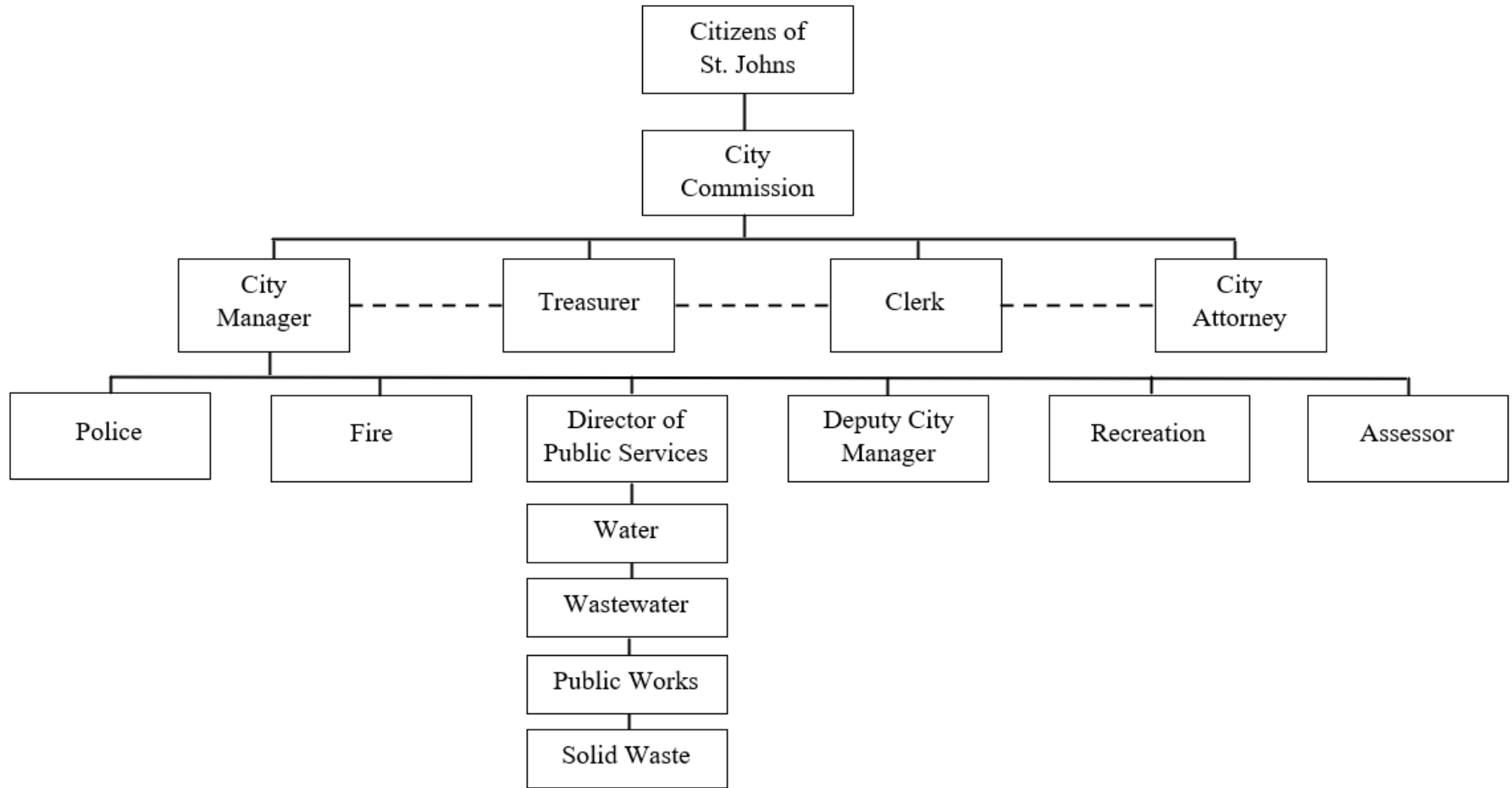
City Commission

Eric Hufnagel	Mayor
Jean Ruestman	Vice Mayor
Bob Craig	Commissioner
Brad Gurski	Commissioner
Tammy Kirschenbauer	Commissioner

Officers and Officials

Dave Kudwa, P.E.	City Manager
Kristina Kinde	City Treasurer
Mindy Seavey	City Clerk

**CITY OF ST. JOHNS
ORGANIZATIONAL CHART
JUNE 30, 2022**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of St. Johns
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Johns, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of St. Johns' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Johns, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of St. Johns and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of St. Johns' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of St. Johns' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of St. Johns' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of City of St. Johns' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of St. Johns' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of St. Johns' internal control over financial reporting and compliance.

Maney Costeiran PC

December 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following is a discussion and analysis of the City’s financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2022. This analysis should be read in conjunction with the *Independent Auditors Report*, our letter of transmittal, and with the City’s financial statements. This discussion provides comparisons with the previous fiscal year as required by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

Please note some of the financial highlights as of and for the fiscal year ending June 30, 2022.

Total net position	\$ 19,755,681
Change in net position	2,143,206
Total fund balance in the governmental funds	3,273,271
Change in fund balance in the governmental funds	(224,150)
Unassigned fund balance in the General Fund	1,356,415
Change in fund balance in the General Fund	89,829
Total investment in capital assets, net of accumulated depreciation	29,092,535
Net change in capital assets	(136,309)
Total long-term debt outstanding	11,334,838
Payments on long-term debt	(983,842)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Both statements report the following activities:

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

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

The following table shows, in a condensed format, a comparative analysis of the net position as of June 30, 2022, and 2021.

Net Position as of June 30, 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
ASSETS						
Current and other assets	\$ 5,273,156	\$ 4,169,984	\$ 5,144,643	\$ 4,234,082	\$ 10,417,799	\$ 8,404,066
Capital assets	13,883,251	13,338,370	15,209,284	15,840,613	29,092,535	29,178,983
TOTAL ASSETS	19,156,407	17,508,354	20,353,927	20,074,695	39,510,334	37,583,049
DEFERRED OUTFLOWS OF RESOURCES	384,192	551,868	387,014	473,852	771,206	1,025,720
LIABILITIES						
Current	1,725,522	612,620	952,921	923,275	2,678,443	1,535,895
Noncurrent	4,899,267	6,036,429	12,086,115	12,992,272	16,985,382	19,028,701
TOTAL LIABILITIES	6,624,789	6,649,049	13,039,036	13,915,547	19,663,825	20,564,596
DEFERRED INFLOWS OF RESOURCES	551,702	284,921	310,332	146,777	862,034	431,698
NET POSITION						
Net investment in capital assets	12,952,539	12,162,680	4,805,158	4,937,040	17,757,697	17,099,720
Restricted	847,922	732,107	918,621	1,173,176	1,766,543	1,905,283
Unrestricted	(1,436,353)	(1,768,535)	1,667,794	376,007	231,441	(1,392,528)
TOTAL NET POSITION	\$ 12,364,108	\$ 11,126,252	\$ 7,391,573	\$ 6,486,223	\$ 19,755,681	\$ 17,612,475

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,755,681 as of June 30, 2022. A portion of the City's net position, \$231,441, reflects its balance of unrestricted net position.

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

The City's net position invested in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding was \$17,757,697 at June 30, 2022. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$1,766,543 represents resources that are subject to external restrictions on how they may be used.

Overall net position increased by \$2,143,206 during the current year as indicated below.

Changes in Net Position for the Fiscal Year Ended June 30, 2022 and 2021

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the City's net position changed between fiscal years 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
REVENUES						
Program revenue						
Charges for services	\$ 1,761,934	\$ 1,669,618	\$ 5,702,692	\$ 5,294,583	\$ 7,464,626	\$ 6,964,201
Operating grants and contributions	1,420,480	1,912,311	-	-	1,420,480	1,912,311
General revenues						
Property taxes	3,322,052	3,127,224	-	-	3,322,052	3,127,224
State shared revenue	940,573	872,877	-	-	940,573	872,877
Investment earnings (loss)	(1,330)	12,946	2,051	5,023	721	17,969
Gain on sale of capital assets	31,100	57,700	-	-	31,100	57,700
Miscellaneous	97,003	30,052	88,049	70,488	185,052	100,540
Transfers	26,763	27,603	(26,763)	(27,603)	-	-
TOTAL REVENUES	7,598,575	7,710,331	5,766,029	5,342,491	13,364,604	13,052,822
EXPENSES						
General government	1,486,890	1,748,112	-	-	1,486,890	1,748,112
Public safety	1,853,281	1,732,836	-	-	1,853,281	1,732,836
Public works	2,604,215	2,229,720	-	-	2,604,215	2,229,720
Health and welfare	47,802	352,474	-	-	47,802	352,474
Recreation and culture	352,623	21,616	-	-	352,623	21,616
Water and sewer	-	-	4,860,679	4,373,400	4,860,679	4,373,400
Interest on long-term debt	15,908	-	-	-	15,908	-
TOTAL EXPENSES	6,360,719	6,084,758	4,860,679	4,373,400	11,221,398	10,458,158
Change in net position	\$ 1,237,856	\$ 1,625,573	\$ 905,350	\$ 969,091	\$ 2,143,206	\$ 2,594,664

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

Governmental Activities

Fiscal year 2022 results showed an increase in net position of \$1,237,856 to \$12,364,108. This is an increase of approximately 11% from the prior fiscal year. The largest revenue source was property taxes which consists of approximately 44% of the total revenues. The largest expenses are related to public works and public safety which make up approximately 41% and 29%, respectively, of the total expenses. Key elements of the increase in net position are as follows:

- Charges for services increased approximately \$92,000 due primarily to the City receiving more Act 51 funding.
- Property taxes increased approximately \$194,000, due primarily to increases in property values.
- General government expenses decreased by approximately \$261,000 due to a reduction in lease payments and less outside service expenses.

Business-type Activities

Fiscal year 2022 results showed an increase in net position of \$905,350 to \$7,391,573. This is an increase of approximately 14% from the prior fiscal year. Key elements of the increase in net position are as follows:

- Charges for services increased approximately \$408,000, due mainly to increased water and sewer usage.

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

As the City completed fiscal year 2022, its governmental funds reported a positive *combined* fund balance. The net changes are summarized in the following chart:

Governmental Funds					
Fund Balance as of:	General	Major Street	Local Street	Nonmajor Governmental Funds	Total
June 30, 2022	\$ 2,954,836	\$ 535,092	\$ 127,472	\$ (344,129)	\$ 3,273,271
June 30, 2021	\$ 2,865,007	\$ 318,253	\$ 218,249	\$ 95,912	\$ 3,497,421
Change	\$ 89,829	\$ 216,839	\$ (90,777)	\$ (440,041)	\$ (224,150)

General Fund

The General Fund is the chief operating fund of the City. Unless otherwise required by statute, contractual agreement, or Commission policy, all City revenues and expenditures are recorded in the General Fund. At the end of the current fiscal year, the total fund balance had increased approximately 3%, which 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).

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

Major Street Fund

The Major Street Fund accounts for revenues received from the State of Michigan for the City's share of State gasoline and weight taxes, which is used for maintenance of major streets. At the end of the current fiscal year, the total fund balance had increased approximately 68% as a result of an increase in Act 51 funding, a reduction in transfer of Act 51 funding to local streets, and road projects completed with street millage funding.

Local Street 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. At the end of the current fiscal year, the total fund balance had decreased approximately 42% as a result of less Act 51 funding transferred from the Major Street Fund.

General Fund Budgetary Highlights

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

Actual General Fund revenues and other financing sources totaled \$5,097,231, or \$420,315 (7%) less than the final amended budget which was increased from the original budget by \$778,128. General Fund actual expenditures and other financing uses came in at \$5,007,402 and the final amended budget was \$5,564,606, which was approximately 9% less than actual. The final amended budget was 12% higher than the originally adopted budget after new information became available requiring the amendments. The significant variances related to the General Fund's budget are noted below.

	Original Budget	Final Amended Budget	Variance between Original and Final Budgets	Actual	Variance between Final Budget and Actual
Revenue					
Taxes	\$ 2,532,068	\$ 2,532,068	\$ -	\$ 2,435,421	\$ (96,647)
Intergovernmental	886,812	1,415,820	529,008	1,167,628	(248,192)
Expenditures					
General government					
Legislative	453,424	498,847	45,423	411,703	87,144
Administration	1,110,112	1,110,112	-	1,037,633	72,479
Public works					
Department of public works	533,645	586,695	53,050	438,221	148,474
Recreation and culture					
City parks	252,783	455,210	202,427	404,953	50,257

- Amounts budgeted for tax revenue were not amended during the year. Also, actual tax revenue was lower than the final budgeted amount due to board of review adjustments.
- Budgeted intergovernmental revenues were amended during the year when the City received notice of additional funding having been approved. Actual intergovernmental revenue was lower than the final budgeted amount due to ARPA funding being recorded as unearned revenue.

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

- Budgeted legislative expenditures were amended during the year when the City became aware of additional contractual services. Actual legislative expenditures were lower than the final budgeted amount due to the rental housing program being moved to the next fiscal year.
- Amounts budgeted for administration expenditures were not amended during the year. Actual administration expenditures were lower than the final budgeted amount due to staffing reductions during the year.
- Amounts budgeted for public works expenditures were amended during the year when light pole installation was moved from the prior year. Actual public works expenditures were lower than the final budgeted amount due to parking lot improvements moved to next fiscal year.
- Budgeted expenditures for City parks were amended during the year when the park roads were determined to be completed with excess street millage funding. Actual City park expenditures were lower than the final budgeted amount due to better time management with park maintenance.

Water and Sewer Fund

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

Enterprise Funds

Net Position as of:	Water and Sewer
June 30, 2022	\$ 7,391,573
June 30, 2021	\$ 6,486,223
Change	\$ 905,350

At the end of the current fiscal year, the total fund balance had increased approximately 14% as a result of increased water charges as a result of new water accounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2022, the City’s investment in capital assets includes land, land improvements, buildings and improvements, vehicles, furniture and equipment, drainage flowage rights, infrastructure, water and sewer systems, and construction in progress. (These capital assets do not include those of the discretely presented component units). Refer to Note 5 of the notes to the financial statements for more detailed information related to capital assets.

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

The summary of capital assets below shows the net capital assets for both governmental and business-type activities as of June 30, 2022:

	Restated June 30, 2021	Change	June 30, 2022
Governmental Activities			
Land	\$ 1,241,566	\$ -	\$ 1,241,566
Construction in progress	36,190	(13,190)	23,000
Land improvements, net	663,300	(71,425)	591,875
Buildings and improvements, net	1,883,449	(73,975)	1,809,474
Vehicles, net	1,039,711	81,815	1,121,526
Furniture, net	89,946	61,404	151,350
Equipment - right to use, net	49,861	(24,931)	24,930
Drainage flowage rights, net	384,845	(11,198)	373,647
Infrastructure, net	<u>7,999,363</u>	<u>546,520</u>	<u>8,545,883</u>
 Total governmental activities	 <u>13,388,231</u>	 <u>495,020</u>	 <u>13,883,251</u>
Business-type Activities			
Land	169,161	-	169,161
Construction in progress	-	16,985	16,985
Water system	2,368,823	121,177	2,490,000
Sewer system	12,672,610	(855,264)	11,817,346
Equipment	<u>630,019</u>	<u>85,773</u>	<u>715,792</u>
 Total business-type activities	 <u>15,840,613</u>	 <u>(631,329)</u>	 <u>15,209,284</u>
 Capital assets, net	 <u>\$ 29,228,844</u>	 <u>\$ (136,309)</u>	 <u>\$ 29,092,535</u>

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

- Work put into various City streets, including Scott Road
- Roof replacement on the police department
- Roof replacement on wastewater treatment plant
- Upgrades to the main City park
- New hoists in the DPW garage
- Water plant generator
- Replacement of service pump
- Purchase of a new tractor
- Purchase of police and fire vehicles

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

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

	Restated June 30, 2021	Change	June 30, 2022
Governmental Activities			
General obligation bonds	\$ 534,000	\$ (194,000)	\$ 340,000
Direct borrowing and direct placements	691,551	(100,839)	590,712
Compensated absences	212,427	(21,224)	191,203
Total governmental activities	1,437,978	(316,063)	1,121,915
Business-type Activities			
General Obligation Bonds	10,745,000	(655,000)	10,090,000
Direct borrowing and direct placements	348,129	(34,003)	314,126
Compensated absences	88,306	7,487	95,793
Total business-type activities	11,181,435	(681,516)	10,499,919
Total long-term obligations	\$ 12,619,413	\$ (997,579)	\$ 11,621,834

No new long-term debt was obtained during the current fiscal year and total debt decreased during the fiscal year as a result of scheduled debt service payments.

Limitations on Debt

State statute limits the City's debt obligations to 10 percent of the current state equalized value (SEV), net of certain adjustments. The City's SEV as of June 30, 2022, net of adjustments, was approximately \$310 million; therefore, the City's debt limitation was approximately \$31 million. The City remains below its legal debt limit by approximately \$30 million. The City's computation of the legal debt limit is shown in the statistical section of this report.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The following factors were considered in preparing the City's budget for the 2023 fiscal year:

- Healthcare costs will remain fairly stable with the rise in premiums being minimal.
- Taxable values are increasing resulting in fairly stable property tax revenue.
- Cost of employee fringe benefits.
- The underfunded defined benefit pension plan.

CONTACTING THE CITY OF ST. JOHNS

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

BASIC FINANCIAL STATEMENTS

CITY OF ST. JOHNS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,861,815	\$ 2,832,864	\$ 5,694,679	\$ 594,199
Investments	397,692	429,053	826,745	-
Receivables, net	235,496	1,371,718	1,607,214	-
Due from other governmental units	449,782	-	449,782	-
Internal balances	592,533	(592,533)	-	-
Inventory	12,423	101,505	113,928	-
Prepays	132,897	780	133,677	-
Total current assets	4,682,638	4,143,387	8,826,025	594,199
Noncurrent assets				
Restricted cash	-	1,001,256	1,001,256	-
Investments	126,618	-	126,618	-
Equity interest in ambulance service authority	463,900	-	463,900	-
Capital assets not being depreciated	1,264,566	186,146	1,450,712	-
Capital assets, net of accumulated depreciation	12,618,685	15,023,138	27,641,823	-
Total noncurrent assets	14,473,769	16,210,540	30,684,309	-
TOTAL ASSETS	19,156,407	20,353,927	39,510,334	594,199
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	170,906	170,906	-
Deferred outflows of resources related to pensions	384,192	216,108	600,300	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	384,192	387,014	771,206	-
LIABILITIES				
Current liabilities				
Accounts payable	360,878	47,054	407,932	330
Accrued liabilities	125,633	49,460	175,093	-
Deposits payable	-	15,250	15,250	-
Due to other governmental units	323	-	323	123,479
Accrued interest payable	12,722	82,635	95,357	-
Unearned revenue	834,930	-	834,930	-
Current portion of compensated absences	87,987	48,438	136,425	-
Current portion of long-term debt	303,049	710,084	1,013,133	-
Total current liabilities	1,725,522	952,921	2,678,443	123,809
Noncurrent liabilities				
Noncurrent portion of compensated absences	103,216	47,355	150,571	-
Noncurrent portion of long-term debt	627,663	9,694,042	10,321,705	-
Net pension liability	4,168,388	2,344,718	6,513,106	-
Total noncurrent liabilities	4,899,267	12,086,115	16,985,382	-
TOTAL LIABILITIES	6,624,789	13,039,036	19,663,825	123,809
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	551,702	310,332	862,034	-
NET POSITION				
Net investment in capital assets	12,952,539	4,805,158	17,757,697	-
Restricted	847,922	918,621	1,766,543	-
Unrestricted	(1,436,353)	1,667,794	231,441	470,390
TOTAL NET POSITION	\$ 12,364,108	\$ 7,391,573	\$ 19,755,681	\$ 470,390

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government							
Governmental activities							
General Government	\$ 1,486,890	\$ 258,805	\$ 149,982	\$ (1,078,103)	\$ -	\$ (1,078,103)	\$ -
Public safety	1,853,281	115,443	14,652	(1,723,186)	-	(1,723,186)	-
Public works	2,604,215	1,323,900	1,108,751	(171,564)	-	(171,564)	-
Health and welfare	47,802	-	116,506	68,704	-	68,704	-
Recreation and culture	352,623	63,786	30,589	(258,248)	-	(258,248)	-
Interest on long-term debt	15,908	-	-	(15,908)	-	(15,908)	-
Total governmental activities	6,360,719	1,761,934	1,420,480	(3,178,305)	-	(3,178,305)	-
Business-type activities							
Water and Sewer	4,860,679	5,702,692	-	-	842,013	842,013	-
Total primary government	\$ 11,221,398	\$ 7,464,626	\$ 1,420,480	(3,178,305)	842,013	(2,336,292)	-
Component units							
Downtown development authority	\$ 20,768	\$ -	\$ -	-	-	-	(20,768)
Principal shopping district	96,615	-	86,434	-	-	-	(10,181)
Local development finance authority	8,324	-	-	-	-	-	(8,324)
Total component units	\$ 125,707	\$ -	\$ 86,434	-	-	-	(39,273)
General revenues							
Property taxes				3,322,052	-	3,322,052	146,404
State shared revenue				940,573	-	940,573	-
Investment earnings (loss)				(1,330)	2,051	721	(465)
Gain on sale of capital assets				31,100	-	31,100	-
Other				97,003	88,049	185,052	-
Transfers				26,763	(26,763)	-	-
Total general revenues and transfers				4,416,161	63,337	4,479,498	145,939
Change in net position				1,237,856	905,350	2,143,206	106,666
Restated net position, beginning of the year				11,126,252	6,486,223	17,612,475	363,724
Net position, end of the year				\$ 12,364,108	\$ 7,391,573	\$ 19,755,681	\$ 470,390

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Major Street	Local Street		
ASSETS					
Cash and cash equivalents	\$ 2,131,954	\$ 311,666	\$ -	\$ 418,195	\$ 2,861,815
Investments	524,310	-	-	-	524,310
Receivables					
Accounts	227,596	-	-	-	227,596
Special assessments	-	-	-	7,900	7,900
Due from other governmental units	289,624	117,549	42,609	-	449,782
Due from other funds	855,970	188,351	537,599	2,052	1,583,972
Prepaid expenditures	132,897	-	-	-	132,897
TOTAL ASSETS	\$ 4,162,351	\$ 617,566	\$ 580,208	\$ 428,147	\$ 5,788,272
LIABILITIES					
Accounts payable	\$ 258,474	\$ 78,741	\$ 8,238	\$ 6,760	\$ 352,213
Accrued liabilities	111,736	3,733	3,109	3,870	122,448
Due to other governmental units	323	-	-	-	323
Due to other funds	2,052	-	441,389	753,746	1,197,187
Unearned revenue	834,930	-	-	-	834,930
TOTAL LIABILITIES	1,207,515	82,474	452,736	764,376	2,507,101
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	7,900	7,900
FUND BALANCES (DEFICITS)					
Nonspendable	132,897	-	-	-	132,897
Restricted	-	535,092	127,472	186,026	848,590
Assigned	1,465,524	-	-	-	1,465,524
Unassigned	1,356,415	-	-	(530,155)	826,260
TOTAL FUND BALANCES (DEFICITS)	2,954,836	535,092	127,472	(344,129)	3,273,271
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 4,162,351	\$ 617,566	\$ 580,208	\$ 428,147	\$ 5,788,272

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balances - governmental funds \$ 3,273,271

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 22,481,829	
Accumulated depreciation/amortization is	<u>(9,614,364)</u>	
Capital assets, net		12,867,465

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

Net position of governmental activities accounted for in the Internal Service Fund		620,356
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Long-term receivables are not available to pay for current period expenditures and are therefore deferred inflows of resources in the funds.		7,900
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Equity interest in Clinton Area Ambulance Service Authority is not a current financial resource and therefore is not reported as an asset in the governmental funds.		463,900
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Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent of the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	384,192	
Deferred inflows of resources related to pensions	<u>(551,702)</u>	
		(167,510)

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

Accrued interest payable	(1,683)	
Compensated absences	(191,203)	
Long-term debt	(340,000)	
Net pension liability	<u>(4,168,388)</u>	
		<u>(4,701,274)</u>

Net position of governmental activities		<u>\$ 12,364,108</u>
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**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	Special Revenue				Total
	General	Major Street	Local Street	Nonmajor Governmental Funds	
REVENUES					
Taxes	\$ 2,435,421	\$ -	\$ -	\$ 886,631	\$ 3,322,052
Special assessments	-	-	-	2,435	2,435
Licenses and permits	127,903	-	-	-	127,903
Intergovernmental	1,167,628	764,071	276,969	32,750	2,241,418
Charges for services	1,011,034	-	-	534,800	1,545,834
Fines and forfeitures	30,554	-	-	-	30,554
Investment earnings (loss) and rent	19,495	(697)	(66)	(567)	18,165
Other	136,282	1,722	1,685	2,767	142,456
TOTAL REVENUES	4,928,317	765,096	278,588	1,458,816	7,430,817
EXPENDITURES					
Current					
General government	1,531,884	-	-	-	1,531,884
Public safety	1,998,754	-	-	-	1,998,754
Public works	438,221	621,918	1,139,143	717,550	2,916,832
Health and welfare	47,802	-	-	-	47,802
Recreation and culture	613,432	-	-	5,485	618,917
Capital outlay	332,095	-	-	-	332,095
Debt service	-	-	-	203,613	203,613
TOTAL EXPENDITURES	4,962,188	621,918	1,139,143	926,648	7,649,897
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,871)	143,178	(860,555)	532,168	(219,080)
OTHER FINANCING SOURCES (USES)					
Transfers in	168,914	237,130	769,778	203,613	1,379,435
Transfers out	(45,214)	(163,469)	-	(1,175,822)	(1,384,505)
TOTAL OTHER FINANCING SOURCES (USES)	123,700	73,661	769,778	(972,209)	(5,070)
NET CHANGE IN FUND BALANCES	89,829	216,839	(90,777)	(440,041)	(224,150)
Fund balances (deficits), beginning of year	2,865,007	318,253	218,249	95,912	3,497,421
Fund balances (deficits), end of year	\$ 2,954,836	\$ 535,092	\$ 127,472	\$ (344,129)	\$ 3,273,271

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ (224,150)

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

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

Capital outlay	\$ 1,364,239	
Depreciation/amortization expense	<u>(842,247)</u>	
Excess of capital outlay over depreciation/amortization expense		521,992

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

Change in net position of Internal Service Fund		243,627
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in long-term receivables reported in the funds is:		(1,975)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds. These activities consist of:

Increase in equity interest in the Clinton Area Ambulance Service Authority		111,870
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Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Principal retirement		194,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	960	
Decrease in compensated absences	21,224	
Decrease in net pension liability	804,765	
(Decrease) in deferred outflows of resources related to pensions	(167,676)	
(Increase) in deferred inflows of resources related to pensions	<u>(266,781)</u>	
		<u>392,492</u>

Change in net position of governmental activities		<u>\$ 1,237,856</u>
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**CITY OF ST. JOHNS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-type Activities <u>Enterprise</u> <u>Fund</u> Water and Sewer	Governmental Activities <u>Internal</u> <u>Service Fund</u> Mobile Equipment
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,832,864	\$ -
Investments	429,053	-
Accounts receivables, net	1,371,718	-
Due from other funds	-	215,993
Inventory	101,505	12,423
Prepays	780	-
	<u>4,735,920</u>	<u>228,416</u>
Total current assets		
Noncurrent assets		
Restricted cash	1,001,256	-
Capital assets not being depreciated	186,146	-
Capital assets, net of accumulated depreciation	<u>15,023,138</u>	<u>1,015,786</u>
	<u>16,210,540</u>	<u>1,015,786</u>
Total noncurrent assets		
	<u>20,946,460</u>	<u>1,244,202</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	170,906	-
Deferred outflows of resources related to pensions	<u>216,108</u>	<u>-</u>
	<u>387,014</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
LIABILITIES		
Current liabilities		
Accounts payable	47,054	8,665
Accrued liabilities	49,460	3,185
Customer deposits	15,250	-
Due to other funds	592,533	10,245
Accrued interest payable	82,635	11,039
Current portion of compensated absences	48,438	-
Current portion of long-term debt	<u>710,084</u>	<u>104,049</u>
	<u>1,545,454</u>	<u>137,183</u>
Total current liabilities		
Noncurrent liabilities		
Noncurrent portion of compensated absences	47,355	-
Noncurrent portion of long-term debt	9,694,042	486,663
Net pension liability	<u>2,344,718</u>	<u>-</u>
	<u>12,086,115</u>	<u>486,663</u>
Total noncurrent liabilities		
	<u>13,631,569</u>	<u>623,846</u>
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>310,332</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,805,158	425,074
Restricted for debt service	918,621	-
Unrestricted	<u>1,667,794</u>	<u>195,282</u>
	<u>\$ 7,391,573</u>	<u>\$ 620,356</u>
TOTAL NET POSITION		

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2022**

	<u>Business-type Activities Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Fund Mobile Equipment</u>
OPERATING REVENUES		
Charges for services	<u>\$ 5,702,692</u>	<u>\$ 661,228</u>
OPERATING EXPENSES		
Water plant operation	867,229	-
Water distribution	644,887	-
Wastewater plant operation	1,265,618	-
Administrative expenses	655,279	-
Mobile equipment operation	-	323,107
Depreciation expense	<u>1,096,723</u>	<u>161,791</u>
TOTAL OPERATING EXPENSES	<u>4,529,736</u>	<u>484,898</u>
OPERATING INCOME	<u>1,172,956</u>	<u>176,330</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	2,051	-
Gain on sale of capital assets	-	31,100
Other revenue	88,049	11,619
Interest and fees expense	<u>(330,943)</u>	<u>(7,255)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(240,843)</u>	<u>35,464</u>
NET INCOME BEFORE TRANSFERS	<u>932,113</u>	<u>211,794</u>
TRANSFERS		
Transfers in	-	31,833
Transfers out	<u>(26,763)</u>	<u>-</u>
TOTAL TRANSFERS	<u>(26,763)</u>	<u>31,833</u>
CHANGE IN NET POSITION	905,350	243,627
Net position, beginning of year	<u>6,486,223</u>	<u>376,729</u>
Net position, end of year	<u><u>\$ 7,391,573</u></u>	<u><u>\$ 620,356</u></u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Mobile Equipment</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and users	\$ 5,761,588	\$ 672,847
Cash paid to/for employees	(1,529,895)	(91,015)
Cash paid to suppliers/vendors	<u>(1,850,278)</u>	<u>(265,556)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,381,415</u>	<u>316,276</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt (payment) of interfund balances	<u>631,550</u>	<u>(175,264)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(465,394)	(134,819)
Principal paid on long-term debt	(689,003)	(100,839)
Proceeds from sale of assets	-	31,100
Interest and fees paid on long-term debt	<u>(336,715)</u>	<u>(8,450)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,491,112)</u>	<u>(213,008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(429,053)	-
Maturity of investments	427,849	-
Interest received	<u>2,051</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>847</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,522,700	(71,996)
Cash and cash equivalents, beginning of year	<u>2,311,420</u>	<u>71,996</u>
Cash and cash equivalents, end of year	<u>\$ 3,834,120</u>	<u>\$ -</u>
Classification on the Statement of Net Position		
Cash and cash equivalents	\$ 2,832,864	\$ -
Restricted cash	<u>1,001,256</u>	<u>-</u>
	<u>\$ 3,834,120</u>	<u>\$ -</u>

continued

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONCLUDED)
 YEAR ENDED JUNE 30, 2022**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Mobile Equipment</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,261,005	\$ 187,949
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,096,723	161,791
(Increase) decrease in:		
Accounts receivable, net	(29,153)	-
Inventory	(15,792)	(105)
Prepays	(25)	-
Deferred outflows of resources	86,838	-
Increase (decrease) in:		
Accounts payable	14,952	(33,687)
Accrued liabilities	13,634	328
Customer deposits	(600)	-
Compensated absences	7,487	-
Net pension liability	(217,209)	-
Deferred inflows of resources	163,555	-
	<u>163,555</u>	<u>-</u>
 NET CASH PROVIDED BY BY OPERATING ACTIVITIES	 <u>\$ 2,381,415</u>	 <u>\$ 316,276</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	<u>Custodial Fund Current Tax Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ -</u>
LIABILITIES	<u>-</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Custodial Fund
	Current Tax Fund
ADDITIONS	
Collections for other governmental units	\$ 7,337,310
DEDUCTIONS	
Distributions to other governmental units	7,337,310
CHANGE IN NET POSITION	-
Net position, beginning of year	-
Net position, end of year	\$ -

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2022**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 50,609	\$ 126,135	\$ 417,455	\$ 594,199
LIABILITIES				
Current liabilities				
Accounts payable	-	330	-	330
Due to other governmental units	987	121,425	1,067	123,479
TOTAL LIABILITIES	987	121,755	1,067	123,809
NET POSITION				
Unrestricted	\$ 49,622	\$ 4,380	\$ 416,388	\$ 470,390

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
COMPONENT UNITS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position			
		Operating Grants and Contributions	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total Component Units
Component Units						
Community and economic development						
Downtown development authority	\$ 20,768	\$ -	\$ (20,768)	\$ -	\$ -	\$ (20,768)
Principal shopping district	96,615	86,434	-	(10,181)	-	(10,181)
Local development finance authority	8,324	-	-	-	(8,324)	(8,324)
Total	<u>\$ 125,707</u>	<u>\$ 86,434</u>	<u>(20,768)</u>	<u>(10,181)</u>	<u>(8,324)</u>	<u>(39,273)</u>
General revenues						
Property taxes			-	-	146,404	146,404
Investment earnings (loss)			(87)	188	(566)	(465)
Total general revenues			<u>(87)</u>	<u>188</u>	<u>145,838</u>	<u>145,939</u>
Change in net position			(20,855)	(9,993)	137,514	106,666
Net position, beginning of the year			<u>70,477</u>	<u>14,373</u>	<u>278,874</u>	<u>363,724</u>
Net position, end of the year			<u>\$ 49,622</u>	<u>\$ 4,380</u>	<u>\$ 416,388</u>	<u>\$ 470,390</u>

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of St. Johns (the "City") is the county seat of Clinton County, Michigan, and has a population of approximately 7,650. The City of St. Johns operates with a City Commission/Manager form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

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

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

Reporting Entity

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

Discretely Presented Component Units

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

Principal Shopping District (PSD) - The PSD is governed by a board of no less than nine (9) and no more than thirteen (13) directors. 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
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (concluded)

Downtown Development Authority (DDA) - The DDA is governed by a board of no less than nine (9) and no more than thirteen (13) directors. Members of the governing board of the DDA are appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one (1) County representative to the board. The City also has the ability to significantly influence operations of the DDA. Additionally, the DDA's budget is subject to approval by the City Commission. The DDA may issue debt payable solely from tax increment revenues. The full faith and credit of the City may be given for the debt of the DDA. The DDA is included in the City's audited financial statements and separate financial statements have not been issued.

Local Development Finance Authority (LDFA) - The LDFA is governed by a ten (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.

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 the fiscal year ended June 30, 2022.

Joint Venture

The City participates in the following activities which are considered to be joint ventures in relation to the City, due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Venture (concluded)

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

Due to the City having ongoing financial responsibilities, their equity interest in the Authority has been included in the government-wide financial statements. The City's equity interest in the Authority was \$463,900 as of the year ended March 31, 2022, the most recent financial statements available, as calculated based on the formation agreement. CAASA's government-wide total assets at March 31, 2022, were \$1,634,720 and total liabilities were \$215,537, which resulted in net position of \$1,419,183.

The formation agreement states that at termination and dissolution CAASA, each participating municipality would receive a percentage of the net position after reasonable dissolution costs are deducted and if there were any remaining debts the participating municipalities would be obligated to pay these outstanding balances. Upon dissolution, the net position remaining would be distributed among the then active participating municipalities according to their historical contribution amounts to the Authority as detailed in the agreement. Based on an analysis of the recent contributions made for the year ended March 31, 2022, the City had contributed approximately 32.69% of the total contributions. Therefore, their proportionate share of the net position of CAASA at March 31, 2022, has been recorded in the government-wide financial statements of the City for the fiscal year ended June 30, 2022.

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

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS

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

The City reports the following *Major Governmental Funds*:

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

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

The *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 City reports the following *Major Proprietary Fund*:

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

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

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

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

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

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

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

Basis of Accounting

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

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

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

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

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

Cash, Cash Equivalents, and Investments

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments (concluded)

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

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

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

Receivables

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

Due from Other Governmental Units

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

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

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

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

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

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

Inventories

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

Prepays

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNIT

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

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

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

Unearned Revenue

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave in varying amounts. In the event of termination, individual employees have vested rights to receive payment for unused vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Obligations

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

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

Net Pension Liability

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

Deferred Outflows/Inflows of Resources

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (concluded)

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

Property Tax

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

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

The City is permitted by charter to levy taxes up to 10 mills (\$10 per \$1,000 of taxable valuation) for general governmental services other than the payment of debt service. The City is also permitted to levy additional mills specifically designated for streets and sidewalks, solid waste, and economic development. For the year ended June 30, 2022, the City levied 9.9810 mills per \$1,000 of assessed valuation for general operations, 2.9658 mills for streets and sidewalks, 0.7500 mills for solid waste, and 0.2100 mills for economic development. The total ad valorem taxable value for the 2021 levy for property within the City was \$256,837,323.

Interfund Transactions

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

Restricted Net Position

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications

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

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

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

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

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

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

Fund Balance Classification Policies and Procedures

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

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (concluded)

Estimates

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

Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, the City had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2022, \$6,791,154 of the City's bank balance of \$7,983,534 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$7,810,865 is reported on the financial statements as of June 30, 2022. The financial statements report \$900 of petty cash on hand.

Custodial Credit Risk - Investments

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

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

As of June 30, 2022, the primary government had the following investments containing interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan CLASS Investment Pool	\$ 431,732	0.0986

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

Credit Risk

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

As of June 30, 2022, the primary government had the following investments containing credit risk:

Investment Type	Fair Value	Standard & Poor's Rating
Michigan CLASS Investment Pool	\$ 431,732	AAAm

Investments in Entities that Calculate Net Asset Value Per Share

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)

Investments in Entities that Calculate Net Asset Value Per Share (concluded)

At the year ended June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS Investment Pool	<u>\$ 431,732</u>	<u>\$ -</u>	No restrictions	None

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2022:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 5,694,679	\$ 594,199	\$ -	\$ 6,288,878
Cash - restricted	1,001,256	-	-	1,001,256
Investments - current	826,745	-	-	826,745
Investments - noncurrent	126,618	-	-	126,618
	<u>\$ 7,649,298</u>	<u>\$ 594,199</u>	<u>\$ -</u>	<u>\$ 8,243,497</u>
Deposits				
Checking				\$ 6,242,441
Certificates of Deposit				1,568,424
Petty cash				900
Investments				<u>431,732</u>
				<u>\$ 8,243,497</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2022, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Local Street Fund	\$ 441,389	\$ -
Water and Sewer Fund	376,540	-
Internal Service Fund	10,245	-
Nonmajor governmental funds	<u>27,796</u>	<u>2,052</u>
	<u>\$ 855,970</u>	<u>\$ 2,052</u>

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (concluded)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Street Fund		
Nonmajor governmental funds	<u>\$ 188,351</u>	<u>\$ -</u>
Local Street Fund		
General Fund	\$ -	\$ 441,389
Nonmajor governmental funds	<u>537,599</u>	<u>-</u>
	<u>\$ 537,599</u>	<u>\$ 441,389</u>
Water and Sewer Fund		
General Fund	\$ -	\$ 376,540
Internal Service Fund	<u>-</u>	<u>215,993</u>
	<u>\$ -</u>	<u>\$ 592,533</u>
Nonmajor Governmental Fund		
General Fund	\$ 2,052	\$ 27,796
Major Street Fund	-	188,351
Local Street Fund	<u>-</u>	<u>537,599</u>
	<u>\$ 2,052</u>	<u>\$ 753,746</u>
Internal Service Fund		
General Fund	\$ -	\$ 10,245
Water and Sewer Fund	<u>215,993</u>	<u>-</u>
	<u>\$ 215,993</u>	<u>\$ 10,245</u>

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From Other Funds	Transfers To Other Funds
General Fund		
Internal Service Fund	\$ -	\$ 31,833
Nonmajor governmental funds	168,914	13,381
	\$ 168,914	\$ 45,214
Major Street Fund		
Nonmajor governmental funds	\$ 237,130	\$ 163,469
Local Street Fund		
Nonmajor governmental funds	\$ 769,778	\$ -
Water and Sewer Fund		
Nonmajor governmental funds	\$ -	\$ 26,763
Nonmajor Governmental Fund		
General Fund	\$ 13,381	\$ 168,914
Local Street Fund	26,763	769,778
Major Street Fund	163,469	237,130
	\$ 203,613	\$ 1,175,822
Internal Service Fund		
General Fund	\$ 31,833	\$ -

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Primary Government

	Restated Balance July 1, 2021	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,241,566	\$ -	\$ -	\$ 1,241,566
Construction in progress	36,190	23,000	(36,190)	23,000
Total capital assets not being depreciated	<u>1,277,756</u>	<u>23,000</u>	<u>(36,190)</u>	<u>1,264,566</u>
Capital assets, being depreciated/amortized				
Land improvements	1,820,909	-	(11,453)	1,809,456
Buildings and improvements	3,341,114	32,838	-	3,373,952
Vehicles	3,145,117	258,814	(106,487)	3,297,444
Furniture	330,705	81,009	-	411,714
Equipment - right to use	49,861	-	-	49,861
Drainage flowage rights	529,268	-	-	529,268
Infrastructure	13,660,272	1,139,587	-	14,799,859
Subtotal	<u>22,877,246</u>	<u>1,512,248</u>	<u>(117,940)</u>	<u>24,271,554</u>
Less accumulated depreciation/amortization for:				
Land improvements	(1,157,609)	(71,425)	11,453	(1,217,581)
Buildings and improvements	(1,457,665)	(106,813)	-	(1,564,478)
Vehicles	(2,105,406)	(176,999)	106,487	(2,175,918)
Furniture	(240,759)	(19,605)	-	(260,364)
Equipment - right to use	-	(24,931)	-	(24,931)
Drainage flowage rights	(144,423)	(11,198)	-	(155,621)
Infrastructure	(5,660,909)	(593,067)	-	(6,253,976)
Subtotal	<u>(10,766,771)</u>	<u>(1,004,038)</u>	<u>117,940</u>	<u>(11,652,869)</u>
Net capital assets being depreciated/amortized	<u>12,110,475</u>	<u>508,210</u>	<u>-</u>	<u>12,618,685</u>
Capital assets, net	<u>\$ 13,388,231</u>	<u>\$ 531,210</u>	<u>\$ (36,190)</u>	<u>\$ 13,883,251</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (concluded)

Primary Government (concluded)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 169,161	\$ -	\$ -	\$ 169,161
Construction in progress	-	16,985	-	16,985
	<u>169,161</u>	<u>16,985</u>	<u>-</u>	<u>186,146</u>
Total capital assets not being depreciated				
Capital assets, being depreciated				
Water system	6,575,354	257,627	-	6,832,981
Sewer system	29,657,972	-	-	29,657,972
Equipment	1,291,871	190,782	-	1,482,653
	<u>37,525,197</u>	<u>448,409</u>	<u>-</u>	<u>37,973,606</u>
Subtotal				
Less accumulated depreciation for:				
Water system	(4,206,531)	(136,450)	-	(4,342,981)
Sewer system	(16,985,362)	(855,264)	-	(17,840,626)
Equipment	(661,852)	(105,009)	-	(766,861)
	<u>(21,853,745)</u>	<u>(1,096,723)</u>	<u>-</u>	<u>(22,950,468)</u>
Subtotal				
Net capital assets being depreciated	<u>15,671,452</u>	<u>(648,314)</u>	<u>-</u>	<u>15,023,138</u>
Capital assets, net	<u>\$ 15,840,613</u>	<u>\$ (631,329)</u>	<u>\$ -</u>	<u>\$ 15,209,284</u>

Depreciation/amortization expense was charged to the following functions:

	Governmental Activities	Business-type Activities
General government	\$ 56,713	\$ -
Public safety	111,848	-
Public works	771,991	-
Recreation and culture	63,486	-
Water and Sewer	<u>-</u>	<u>1,096,723</u>
Total depreciation/amortization expense	<u>\$ 1,004,038</u>	<u>\$ 1,096,723</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS

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

	Restated Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
General obligation bonds					
2017 Refunding Bonds	\$ 534,000	\$ -	\$ (194,000)	\$ 340,000	\$ 199,000
Direct borrowing and direct placements					
Installment purchase agreements					
Fire truck	269,551	-	(23,361)	246,190	24,095
Dump truck	144,145	-	(30,790)	113,355	31,486
Street sweeper	227,994	-	(22,293)	205,701	23,002
Leases payable	49,861	-	(24,395)	25,466	25,466
Compensated absences	212,427	53,942	(75,166)	191,203	87,987
Total governmental activities	<u>1,437,978</u>	<u>53,942</u>	<u>(370,005)</u>	<u>1,121,915</u>	<u>391,036</u>
Business-type activities					
General Obligation Bonds					
2013 Refunding Revenue Bonds	1,930,000	-	(255,000)	1,675,000	255,000
2016 Refunding Revenue Bonds	5,795,000	-	(285,000)	5,510,000	300,000
2019 Revenue Bonds	3,020,000	-	(115,000)	2,905,000	120,000
Direct borrowing and direct placements					
Installment purchase agreement					
Vactor truck	348,129	-	(34,003)	314,126	35,084
Compensated absences	88,306	47,041	(39,554)	95,793	48,438
Total business-type activities	<u>11,181,435</u>	<u>47,041</u>	<u>(728,557)</u>	<u>10,499,919</u>	<u>758,522</u>
Total reporting entity	<u>\$ 12,619,413</u>	<u>\$ 100,983</u>	<u>\$ (1,098,562)</u>	<u>\$ 11,621,834</u>	<u>\$ 1,149,558</u>

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

Primary Government

Governmental Activities

\$1,119,000 General Obligation Refunding Bonds dated October 3, 2017, due in semi-annual installments ranging from \$70,000 to \$100,000 through April 1, 2024, with interest of 1.98%, payable semi-annually.

\$ 340,000

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (concluded)

\$376,615 Installment purchase agreement dated November 19, 2015, due in annual payments of \$31,833 through November 1, 2030, including interest of 3.00%. This installment purchase agreement was for the purchase of a pumper tanker fire truck. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redelivery of any and all equipment and collateral. \$ 246,190

\$159,283 Installment purchase agreement dated October 26, 2020, due in semi-annual payments of \$16,930 through October 26, 2025, including interest of 2.25%. This installment purchase agreement was for the purchase of a dump truck. The agreement contains provisions that in an event of default the City will use any and all other resources available for payments. 113,355

\$630,683 Installment purchase agreement dated September 1, 2018, due in annual payments of \$74,616 through September 1, 2029, including interest of 3.18%. This installment purchase agreement is allocated between governmental and business-type activities. The allocation is roughly 39.60% governmental activities and 60.40% business-type activities. The portion allocated to the governmental activities was for the purchase of a street sweeper. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the City for reasonable fees and other expenses as a result of the default. 205,701

\$ 565,246

\$132,919 Leases payable dated October 4, 2018, were initially for a period of five years, expiring in June 2023. Annual payments range from \$7,161 to \$12,059, including interest of 4.39%. These lease agreements were for the right to use an excavator, compact track loader, and a backhoe loader. The agreements contain provisions that in an event of default the City will immediately return all equipment. \$ 25,466

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Business-type Activities

\$2,845,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 16, 2013, due in annual installments ranging from \$250,000 to \$300,000 through October 1, 2027, with interest of 3.15%, payable semi-annually. \$ 1,675,000

\$6,535,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated October 20, 2016, due in annual installments ranging from \$290,000 to \$755,000 through October 1, 2032, with interest of 2.65%, payable semi-annually. 5,510,000

\$3,130,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated August 27, 2019, due in annual installments ranging from \$120,000 to \$210,000 through October 1, 2039, with interest of 3.39%, payable semi-annually. 2,905,000

\$ 10,090,000

\$630,683 Installment purchase agreement dated September 1, 2018, due in annual payments of \$74,616 through September 1, 2029, including interest of 3.18%. This installment purchase agreement is allocated between governmental and business-type activities. The allocation is roughly 39.60% governmental activities and 60.40% business-type activities. The portion allocated to the business-type activities was for the purchase of a vactor truck. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the City for reasonable fees and other expenses as a result of the default. \$ 314,126

Compensated Absences

In accordance with the City personnel policies and/or contracts negotiated with the various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. At June 30, 2022, the dollar amount of these vested rights, including related payroll taxes, amounted to \$286,996. Of this amount, \$191,203 and \$95,793 are shown as accrued liabilities within the government-wide financial statements' governmental and business-type activities, respectively, in accordance with criteria disclosed in Note 1. All City departments and funds with employees liquidate vacation and normal sick leave as a direct payout. These liabilities are expected to be liquidated primarily by the General Fund and Water and Sewer Fund.

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

NOTE 6 - LONG-TERM OBLIGATIONS (concluded)

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

	Governmental Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 199,000	\$ 5,742	\$ 104,049	\$ 17,775
2024	141,000	2,088	80,785	14,457
2025	-	-	83,032	12,210
2026	-	-	68,448	9,864
2027	-	-	53,340	8,041
2028-2030	-	-	201,058	14,769
	\$ 340,000	\$ 7,830	\$ 590,712	\$ 77,116
	Business-type Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 675,000	\$ 287,232	\$ 35,084	\$ 9,984
2024	700,000	266,844	36,199	8,869
2025	720,000	245,711	37,350	7,718
2026	735,000	223,982	38,538	6,530
2027	765,000	201,664	39,764	5,304
2028-2032	4,395,000	658,849	127,191	8,164
2033-2037	1,685,000	191,766	-	-
2038-2042	415,000	31,612	-	-
	\$ 10,090,000	\$ 2,107,660	\$ 314,126	\$ 46,569

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Summary of Significant Accounting Policies

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

Benefits Provided

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

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

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>12</u>
	<u><u>70</u></u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions

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

At June 30, 2022, all divisions were closed to new employees. The City had annual employer contributions totaling \$1,518,100, including \$317,500 in voluntary contributions, during the fiscal year ended June 30, 2022.

Payable to the Pension Plan

At June 30, 2022, there was \$100,050 outstanding and owed to the pension plan.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

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

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

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

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

Decrease in investment rate of return from 7.35% to 7.00%.

Change in discount rate from 7.60% to 7.25%.

Changes in Benefits

There were no changes of benefit terms during plan year 2021.

Projected Cash Flows

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

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

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

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

Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2020	\$ 18,308,180	\$ 10,773,100	\$ 7,535,080
Changes for the year			
Service cost	87,947	-	87,947
Interest on total pension liability	1,342,772	-	1,342,772
Difference between expected and actual experience	148,578	-	148,578
Changes in assumptions	626,216	-	626,216
Employer contributions	-	1,763,964	(1,763,964)
Net investment income	-	1,481,025	(1,481,025)
Benefit payments, including employee refunds	(1,368,218)	(1,368,218)	-
Administrative expense	-	(17,502)	17,502
Net changes	837,295	1,859,269	(1,021,974)
Balances at December 31, 2021	\$ 19,145,475	\$ 12,632,369	\$ 6,513,106

Plan fiduciary net position as a percentage of the total pension liability 66%

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

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 8,521,976	\$ 6,513,106	\$ 4,814,989

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (concluded)

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

For the year ended June 30, 2022, the City recognized pension expense of \$1,172,328. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 862,034
Contributions subsequent to the measurement date*	600,300	-
Total	\$ 600,300	\$ 862,034

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2023.

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

Year Ending June 30,	Pension Expense
2023	\$ (133,521)
2024	(346,052)
2025	(252,882)
2026	(129,579)
	\$ (862,034)

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

The City of St. Johns is the sponsor of a defined contribution retirement plan for the sole benefit of its employees. The plan is administered by the Michigan Municipal Employees Retirement System. The plan was established by the City Commission. Plan provisions and contribution requirements can be amended by the City Commission. Non-union employees hired after May 31, 2003, receive 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, 2022, the City of St. Johns made contributions for all eligible participating employees. To be eligible to participate, an employee must be full-time. Elected officials and volunteer firefighters are not eligible for this plan.

City contributions to the plan for the year ended June 30, 2022, were \$136,874.

NOTE 9 - RISK MANAGEMENT

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

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

NOTE 10 - LEASE COMMITMENT

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various restrictions in net position as of June 30, 2022:

PRIMARY GOVERNMENT	
Governmental Activities	
Streets	\$ 662,564
Garbage	161,856
Drug law enforcement	4,253
Capital projects	<u>19,249</u>
	847,922
Business-type Activities	
Debt service	<u>918,621</u>
	<u><u>\$ 1,766,543</u></u>

NOTE 12 - DETAILS OF FUND BALANCE CLASSIFICATIONS

Fund balance classifications shown in the governmental fund financial statements indicate constraints imposed on the fund balance, if any. The following are the various constraints on fund balance as of June 30, 2022.

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 132,897	\$ -	\$ -	\$ -	\$ 132,897
Restricted					
Streets	-	535,092	127,472	-	662,564
Garbage	-	-	-	161,856	161,856
Drug law enforcement	-	-	-	4,253	4,253
Debt service	-	-	-	668	668
Capital outlay	-	-	-	19,249	19,249
Assigned					
Capital purchases - fire	632,500	-	-	-	632,500
Capital purchases - equipment	628,000	-	-	-	628,000
Capital purchases - general	205,024	-	-	-	205,024
Unassigned	<u>1,356,415</u>	<u>-</u>	<u>-</u>	<u>(530,155)</u>	<u>826,260</u>
TOTAL FUND BALANCES	<u><u>\$ 2,954,836</u></u>	<u><u>\$ 535,092</u></u>	<u><u>\$ 127,472</u></u>	<u><u>\$ (344,129)</u></u>	<u><u>\$ 3,273,271</u></u>

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

NOTE 13 - FUND BALANCE DEFICIT

The City reported the following deficit fund balance at June 30, 2022:

Street Millage II Fund \$ (530,155)

The Street Millage II Fund deficit fund balance was a planned deficit as eligible expenditures were incurred in advance of tax revenues. The City plans to eliminate this deficit through future tax collections.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which was issued in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The restatement of the beginning of year had no impact on net position. The change to capital assets and long-term debt is as follows:

	Governmental Activities	
	Capital Assets	Long-term Obligations
Balances as of July 1, 2021, as previously stated	\$ 13,338,370	\$ 1,388,117
Adoption of GASB Statement No. 87	49,861	49,861
Balances as of July 1, 2021, as restated	\$ 13,388,231	\$ 1,437,978

NOTE 15 - RESTATEMENT OF NET POSITION

Beginning net position of the governmental activities has been restated to correct understated equity interest in the joint venture that is the Clinton Area Ambulance Service Authority.

	Governmental Activities
Net position as of July 1, 2021, as previously stated	\$ 10,774,222
Equity interest in ambulance service authority	352,030
Net position as of July 1, 2021, as restated	\$ 11,126,252

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - TAX ABATEMENTS

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

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

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

For the year ended June 30, 2022, the City had one entity with tax abatements that exceeded 10% of the total amount abated. That IFT was a 50% property tax reduction for an agricultural processing company allowing for additional investments in equipment, facilities, and employment. The abatement amounted to \$239,774.

The City has the following tax abatements for the year ended June 30, 2022:

	Operating	Streets and Sidewalks	Solid Waste	Economic Development	Total
Industrial Finance Tax	\$ 179,313	\$ 53,282	\$ 13,474	\$ 3,773	\$ 249,842
Renaissance Zone	3,782	1,124	284	80	5,269
Obsolete Property Rehabilitation Act	2,170	645	163	46	3,023
	<u>\$ 185,265</u>	<u>\$ 55,051</u>	<u>\$ 13,921</u>	<u>\$ 3,898</u>	<u>\$ 258,134</u>

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) has issued the following statements that management believes will have an effect on the financial statements when adopted.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ST. JOHNS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,532,068	\$ 2,532,068	\$ 2,435,421	\$ (96,647)
Licenses and permits	124,000	124,000	127,903	3,903
Intergovernmental	886,812	1,415,820	1,167,628	(248,192)
Charges for services	1,087,657	1,092,227	1,011,034	(81,193)
Fines and forfeitures	20,000	25,053	30,554	5,501
Interest and rent	16,881	24,057	19,495	(4,562)
Other	72,000	135,321	136,282	961
TOTAL REVENUES	4,739,418	5,348,546	4,928,317	(420,229)
EXPENDITURES				
Current				
General government				
Legislative	453,424	498,847	411,703	87,144
Administration	1,110,112	1,110,112	1,037,633	72,479
Municipal building	95,000	95,000	82,548	12,452
Total general government	<u>1,658,536</u>	<u>1,703,959</u>	<u>1,531,884</u>	<u>172,075</u>
Public safety				
Police department	1,855,356	1,835,356	1,799,053	36,303
Fire department	159,087	202,381	199,701	2,680
Total public safety	<u>2,014,443</u>	<u>2,037,737</u>	<u>1,998,754</u>	<u>38,983</u>
Public works				
Department of public works	533,645	586,695	438,221	148,474
Health and welfare				
Ambulance	47,190	47,190	47,802	(612)
Recreation and culture				
Recreation department	227,397	233,397	208,479	24,918
City parks	252,783	455,210	404,953	50,257
Total recreation and culture	<u>480,180</u>	<u>688,607</u>	<u>613,432</u>	<u>75,175</u>
Capital outlay	116,290	355,204	332,095	23,109
TOTAL EXPENDITURES	4,850,284	5,419,392	4,962,188	457,204
EXCESS OF REVENUES (UNDER) EXPENDITURES	(110,866)	(70,846)	(33,871)	36,975

continued

**CITY OF ST. JOHNS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 169,000	\$ 168,914	\$ (86)
Transfers out	(45,214)	(45,214)	(45,214)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,214)</u>	<u>123,786</u>	<u>123,700</u>	<u>(86)</u>
Net change in fund balance	(156,080)	52,940	89,829	36,889
Fund balance, beginning of year	<u>2,865,007</u>	<u>2,865,007</u>	<u>2,865,007</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,708,927</u></u>	<u><u>\$ 2,917,947</u></u>	<u><u>\$ 2,954,836</u></u>	<u><u>\$ 36,889</u></u>

**CITY OF ST. JOHNS
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 741,350	\$ 741,350	\$ 764,071	\$ 22,721
Investment earnings (loss)	-	-	(697)	(697)
Other	-	-	1,722	1,722
TOTAL REVENUES	<u>741,350</u>	<u>741,350</u>	<u>765,096</u>	<u>23,746</u>
EXPENDITURES				
Current				
Public works				
Street maintenance	1,023,508	606,688	463,022	143,666
Traffic service maintenance	38,420	38,420	34,651	3,769
Winter maintenance	56,025	66,625	63,554	3,071
Administrative	90,643	100,643	60,691	39,952
TOTAL EXPENDITURES	<u>1,208,596</u>	<u>812,376</u>	<u>621,918</u>	<u>190,458</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(467,246)</u>	<u>(71,026)</u>	<u>143,178</u>	<u>214,204</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	286,000	237,130	(48,870)
Transfers out	(263,469)	(263,469)	(163,469)	100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>536,531</u>	<u>22,531</u>	<u>73,661</u>	<u>51,130</u>
NET CHANGE IN FUND BALANCE	69,285	(48,495)	216,839	265,334
Fund balance, beginning of year	<u>318,253</u>	<u>318,253</u>	<u>318,253</u>	<u>-</u>
Fund balance, end of year	<u>\$ 387,538</u>	<u>\$ 269,758</u>	<u>\$ 535,092</u>	<u>\$ 265,334</u>

**CITY OF ST. JOHNS
LOCAL STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 247,116	\$ 247,116	\$ 276,969	\$ 29,853
Investment earnings (loss)	-	-	(66)	(66)
Other	-	-	1,685	1,685
TOTAL REVENUES	<u>247,116</u>	<u>247,116</u>	<u>278,588</u>	<u>31,472</u>
EXPENDITURES				
Current				
Public works				
Street maintenance	273,098	1,239,922	1,006,864	233,058
Traffic service maintenance	22,225	22,225	11,801	10,424
Winter maintenance	85,351	85,351	87,859	(2,508)
Administrative	113,990	120,100	32,619	87,481
TOTAL EXPENDITURES	<u>494,664</u>	<u>1,467,598</u>	<u>1,139,143</u>	<u>328,455</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(247,548)</u>	<u>(1,220,482)</u>	<u>(860,555)</u>	<u>(296,983)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>275,000</u>	<u>1,062,000</u>	<u>769,778</u>	<u>(292,222)</u>
NET CHANGE IN FUND BALANCE	27,452	(158,482)	(90,777)	67,705
Fund balance, beginning of year	<u>218,249</u>	<u>218,249</u>	<u>218,249</u>	<u>-</u>
Fund balance, end of year	<u>\$ 245,701</u>	<u>\$ 59,767</u>	<u>\$ 127,472</u>	<u>\$ 67,705</u>

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

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

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

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

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

CITY OF ST. JOHNS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - MICHIGAN EMPLOYEES' RETIREMENT SYSTEM

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2021
Measurement date	December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00% plus merit and longevity, 3.00% in the long-term
Long-term expected rate of return	7.00%, net of investment and administrative expense including inflation
Mortality	Pub-2010 and fully generational MP-2019
Changes of benefits terms	There were no changes of benefit terms for the plan year 2021
Changes in assumptions	Decrease in investment rate of return from 7.35% to 7.00% Change in discount rate from 7.60% to 7.25%

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

During the year ended June 30, 2022, the City incurred expenditures in excess of the amounts appropriated in various funds as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Health and welfare			
Ambulance	\$ 47,190	\$ 47,802	\$ 612
Splash Park Capital Projects Fund	-	5,485	5,485

OTHER SUPPLEMENTARY INFORMATION

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

Special Revenue Funds

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

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

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

Debt Service Fund

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

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

Capital Projects Funds

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

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

The *Splash Park Fund* is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

The *Street Millage Fund* accounts for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's 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 *Revolving Special Assessment Fund* accounts for small capital projects that are repaid through assessments to residents. Costs and repayment of projects are monitored through this fund.

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special Revenue		Debt Service Capital	Capital Projects					Revolving Special Assessment	Total
	Garbage	Drug Law Enforcement	Improvement Bonds	Fantasy Forest	Splash Park	Street Millage	Street Millage II			
ASSETS										
Cash and cash equivalents	\$ 164,543	\$ 4,253	\$ 668	\$ 5,805	\$ 5,891	\$ -	\$ 223,591	\$ 13,444	\$ 418,195	
Special assessments receivable	-	-	-	-	-	-	-	7,900	7,900	
Due from other funds	2,052	-	-	-	-	-	-	-	2,052	
TOTAL ASSETS	\$ 166,595	\$ 4,253	\$ 668	\$ 5,805	\$ 5,891	\$ -	\$ 223,591	\$ 21,344	\$ 428,147	
LIABILITIES										
Accounts payable	\$ 869	\$ -	\$ -	\$ -	\$ 5,891	\$ -	\$ -	\$ -	\$ 6,760	
Accrued liabilities	3,870	-	-	-	-	-	-	-	3,870	
Due to other funds	-	-	-	-	-	-	753,746	-	753,746	
TOTAL LIABILITIES	4,739	-	-	-	5,891	-	753,746	-	764,376	
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	7,900	7,900	
FUND BALANCES (DEFICITS)										
Restricted	161,856	4,253	668	5,805	-	-	-	13,444	186,026	
Unassigned	-	-	-	-	-	-	(530,155)	-	(530,155)	
TOTAL FUND BALANCES (DEFICITS)	161,856	4,253	668	5,805	-	-	(530,155)	13,444	(344,129)	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 166,595	\$ 4,253	\$ 668	\$ 5,805	\$ 5,891	\$ -	\$ 223,591	\$ 21,344	\$ 428,147	

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	Special Revenue		Debt Service Capital	Capital Projects				Revolving Special Assessment	Total
	Garbage	Drug Law Enforcement	Improvement Bonds	Fantasy Forest	Splash Park	Street Millage	Street Millage II		
REVENUES									
Taxes	\$ 180,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,483	\$ -	\$ 886,631
Special assessments	-	-	-	-	-	-	-	2,435	2,435
Intergovernmental	4,717	-	-	-	-	-	28,033	-	32,750
Charges for services	534,800	-	-	-	-	-	-	-	534,800
Investment earnings (loss)	(525)	(6)	-	(8)	(8)	-	-	(20)	(567)
Other	2,767	-	-	-	-	-	-	-	2,767
TOTAL REVENUES	721,907	(6)	-	(8)	(8)	-	734,516	2,415	1,458,816
EXPENDITURES									
Current									
Public works	717,550	-	-	-	-	-	-	-	717,550
Recreation and culture	-	-	-	-	5,485	-	-	-	5,485
Debt service	-	-	203,613	-	-	-	-	-	203,613
TOTAL EXPENDITURES	717,550	-	203,613	-	5,485	-	-	-	926,648
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,357	(6)	(203,613)	(8)	(5,493)	-	734,516	2,415	532,168
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	203,613	-	-	-	-	-	203,613
Transfers out	-	-	-	-	-	(1,637)	(1,174,185)	-	(1,175,822)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	203,613	-	-	(1,637)	(1,174,185)	-	(972,209)
NET CHANGE IN FUND BALANCES	4,357	(6)	-	(8)	(5,493)	(1,637)	(439,669)	2,415	(440,041)
Fund balances (deficits), beginning of year	157,499	4,259	668	5,813	5,493	1,637	(90,486)	11,029	95,912
Fund balances (deficits), end of year	\$ 161,856	\$ 4,253	\$ 668	\$ 5,805	\$ -	\$ -	\$ (530,155)	\$ 13,444	\$ (344,129)

**CITY OF ST. JOHNS
GARBAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 178,772	\$ 178,772	\$ 180,148	\$ 1,376
Intergovernmental	2,000	2,000	4,717	2,717
Charges for services	534,200	534,200	534,800	600
Investment earnings (loss)	-	-	(525)	(525)
Other	-	-	2,767	2,767
TOTAL REVENUES	<u>714,972</u>	<u>714,972</u>	<u>721,907</u>	<u>6,935</u>
EXPENDITURES				
Current				
Public works	<u>785,697</u>	<u>815,897</u>	<u>717,550</u>	<u>98,347</u>
NET CHANGE IN FUND BALANCE	(70,725)	(100,925)	4,357	105,282
Fund balance, beginning of year	<u>157,499</u>	<u>157,499</u>	<u>157,499</u>	<u>-</u>
Fund balance, end of year	<u>\$ 86,774</u>	<u>\$ 56,574</u>	<u>\$ 161,856</u>	<u>\$ 105,282</u>

**CITY OF ST. JOHNS
DRUG LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Investment earnings (loss)	\$ -	\$ (5)	\$ (6)	\$ (1)
EXPENDITURES				
Current				
Public safety	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(5)	(6)	(1)
Fund balance, beginning of year	4,259	4,259	4,259	-
Fund balance, end of year	<u>\$ 4,259</u>	<u>\$ 4,254</u>	<u>\$ 4,253</u>	<u>\$ (1)</u>

**CITY OF ST. JOHNS
CAPITAL IMPROVEMENT BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Debt service				
Principal	194,000	194,000	194,000	-
Interest	<u>9,613</u>	<u>9,613</u>	<u>9,613</u>	<u>-</u>
TOTAL EXPENDITURES	<u>203,613</u>	<u>203,613</u>	<u>203,613</u>	<u>-</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(203,613)</u>	<u>(203,613)</u>	<u>(203,613)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in	<u>203,613</u>	<u>203,613</u>	<u>203,613</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>668</u>	<u>668</u>	<u>668</u>	<u>-</u>
Fund balance, end of year	<u>\$ 668</u>	<u>\$ 668</u>	<u>\$ 668</u>	<u>\$ -</u>

**CITY OF ST. JOHNS
FANTASY FOREST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Investment earnings (loss)	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (3)</u>
EXPENDITURES				
Current				
Recreation and culture	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
NET CHANGE IN FUND BALANCE	(2,000)	(2,005)	(8)	1,997
Fund balance, beginning of year	<u>5,813</u>	<u>5,813</u>	<u>5,813</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,813</u></u>	<u><u>\$ 3,808</u></u>	<u><u>\$ 5,805</u></u>	<u><u>\$ 1,997</u></u>

**CITY OF ST. JOHNS
SPLASH PARK CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Investment earnings (loss)	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (3)</u>
EXPENDITURES				
Current				
Recreation and culture	<u>-</u>	<u>-</u>	<u>5,485</u>	<u>(5,485)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(5)</u>	<u>(5,493)</u>	<u>(5,488)</u>
Fund balance, beginning of year	<u>5,493</u>	<u>5,493</u>	<u>5,493</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 5,493</u></u>	<u><u>\$ 5,488</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,488)</u></u>

**CITY OF ST. JOHNS
STREET MILLAGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING (USES)				
Transfers out	<u>-</u>	<u>(1,637)</u>	<u>(1,637)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(1,637)	(1,637)	-
Fund balance, beginning of year	<u>1,637</u>	<u>1,637</u>	<u>1,637</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,637</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF ST. JOHNS
STREET MILLAGE II CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 702,982	\$ 702,982	\$ 706,483	\$ 3,501
Intergovernmental	10,000	10,000	28,033	18,033
TOTAL REVENUES	<u>712,982</u>	<u>712,982</u>	<u>734,516</u>	<u>21,534</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>712,982</u>	<u>712,982</u>	<u>734,516</u>	<u>21,534</u>
OTHER FINANCING (USES)				
Transfer out	<u>(975,000)</u>	<u>(1,248,000)</u>	<u>(1,174,185)</u>	<u>73,815</u>
NET CHANGE IN FUND BALANCE	<u>(262,018)</u>	<u>(535,018)</u>	<u>(439,669)</u>	<u>95,349</u>
Fund balance (deficit), beginning of year	<u>(90,486)</u>	<u>(90,486)</u>	<u>(90,486)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (352,504)</u>	<u>\$ (625,504)</u>	<u>\$ (530,155)</u>	<u>\$ 95,349</u>

CITY OF ST. JOHNS
REVOLVING SPECIAL ASSESSMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Special assessments	\$ 2,000	\$ 2,000	\$ 2,435	\$ 435
Investment earnings (loss)	-	-	(20)	(20)
TOTAL REVENUES	<u>2,000</u>	<u>2,000</u>	<u>2,415</u>	<u>415</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,000	2,000	2,415	415
Fund balance, beginning of year	<u>11,029</u>	<u>11,029</u>	<u>11,029</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,029</u>	<u>\$ 13,029</u>	<u>\$ 13,444</u>	<u>\$ 415</u>

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 BALANCE SHEETS
 JUNE 30, 2022**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
ASSETS				
Cash and cash equivalents	\$ 50,609	\$ 126,135	\$ 417,455	\$ 594,199
LIABILITIES				
Accounts payable	\$ -	\$ 330	\$ -	\$ 330
Due to other governmental units	987	121,425	1,067	123,479
TOTAL LIABILITIES	987	121,755	1,067	123,809
FUND BALANCES				
Unassigned	49,622	4,380	416,388	470,390
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,609	\$ 126,135	\$ 417,455	\$ 594,199

Note: Reconciliations of the balance sheet to the statement of net position for the component units are not required as the fund balances were equal to the net position as of June 30, 2022.

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2022**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 146,404	\$ 146,404
Investment earnings (loss)	(87)	188	(566)	(465)
Other	-	86,434	-	86,434
TOTAL REVENUES	(87)	86,622	145,838	232,373
EXPENDITURES				
Current				
Community and economic development	20,768	96,615	8,324	125,707
NET CHANGE IN FUND BALANCES	(20,855)	(9,993)	137,514	106,666
Fund balances, beginning of year	70,477	14,373	278,874	363,724
Fund balances, end of year	<u>\$ 49,622</u>	<u>\$ 4,380</u>	<u>\$ 416,388</u>	<u>\$ 470,390</u>

Note: Reconciliations of the statement of revenues, expenditures, and changes in fund balances to the statement of activities for the component units are not required as the net changes in fund balances were equal to the changes in net position for the year ended June 30, 2022.

STATISTICAL SECTION

CITY OF ST. JOHNS
STATISTICAL INFORMATION AND CONTINUING DISCLOSURE INDEX

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

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	96-102
These schedules contain trend information to help the reader understand how the City's financial performance has changed.	
<u>Revenue Capacity</u>	103-106
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	107-111
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	112-113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	114-116
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities										
Net investment										
in capital assets	\$ 5,545,869	\$ 5,528,294	\$ 6,713,405	\$ 8,036,749	\$ 8,517,535	\$ 9,347,297	\$ 10,113,212	\$ 10,883,269	\$ 12,162,680	\$ 12,952,539
Restricted	1,444,773	1,448,811	1,243,761	731,998	689,664	866,424	1,040,645	1,145,645	732,107	847,922
Unrestricted (deficit)	<u>1,921,027</u>	<u>1,858,441</u>	<u>(3,222,810)</u>	<u>(3,533,847)</u>	<u>(3,894,379)</u>	<u>(3,442,469)</u>	<u>(3,206,153)</u>	<u>(2,884,923)</u>	<u>(2,120,565)</u>	<u>(1,436,353)</u>
Total governmental activities net position	<u>\$ 8,911,669</u>	<u>\$ 8,835,546</u>	<u>\$ 4,734,356</u>	<u>\$ 5,234,900</u>	<u>\$ 5,312,820</u>	<u>\$ 6,771,252</u>	<u>\$ 7,947,704</u>	<u>\$ 9,143,991</u>	<u>\$ 10,774,222</u>	<u>\$ 12,364,108</u>
Business-type activities										
Net investment										
in capital assets	\$ 4,878,351	\$ 5,100,038	\$ 5,443,887	\$ 5,383,065	\$ 5,167,990	\$ 4,909,221	\$ 4,874,133	\$ 4,272,845	\$ 4,937,040	\$ 4,805,158
Restricted	1,323,869	1,241,700	1,267,273	1,273,055	1,495,705	1,297,632	1,099,042	1,166,811	1,173,176	918,621
Unrestricted (deficit)	<u>3,059,535</u>	<u>2,909,945</u>	<u>(316,146)</u>	<u>(853,900)</u>	<u>(1,267,218)</u>	<u>(623,091)</u>	<u>(627,322)</u>	<u>77,476</u>	<u>376,007</u>	<u>1,667,794</u>
Total business-type activities net position	<u>\$ 9,261,755</u>	<u>\$ 9,251,683</u>	<u>\$ 6,395,014</u>	<u>\$ 5,802,220</u>	<u>\$ 5,396,477</u>	<u>\$ 5,583,762</u>	<u>\$ 5,345,853</u>	<u>\$ 5,517,132</u>	<u>\$ 6,486,223</u>	<u>\$ 7,391,573</u>
Primary government										
Net investment										
in capital assets	\$ 10,424,220	\$ 10,628,332	\$ 12,157,292	\$ 13,419,814	\$ 13,685,525	\$ 14,256,518	\$ 14,987,345	\$ 15,156,114	\$ 17,099,720	\$ 17,757,697
Restricted	2,768,642	2,690,511	2,511,034	2,005,053	2,185,369	2,164,056	2,139,687	2,312,456	1,905,283	1,766,543
Unrestricted	<u>4,980,562</u>	<u>4,768,386</u>	<u>(3,538,956)</u>	<u>(4,387,747)</u>	<u>(5,161,597)</u>	<u>(4,065,560)</u>	<u>(3,833,475)</u>	<u>(2,807,447)</u>	<u>(1,744,558)</u>	<u>231,441</u>
Total primary government net position	<u>\$ 18,173,424</u>	<u>\$ 18,087,229</u>	<u>\$ 11,129,370</u>	<u>\$ 11,037,120</u>	<u>\$ 10,709,297</u>	<u>\$ 12,355,014</u>	<u>\$ 13,293,557</u>	<u>\$ 14,661,123</u>	<u>\$ 17,260,445</u>	<u>\$ 19,755,681</u>

Source: City of St. Johns Basic Financial Statements.

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
EXPENSES										
Governmental activities										
General government	\$ 1,550,112	\$ 1,513,387	\$ 1,215,504	\$ 1,640,111	\$ 1,626,729	\$ 1,370,917	\$ 1,849,522	\$ 2,091,111	\$ 1,700,922	\$ 1,486,890
Public safety	1,309,145	1,405,036	1,465,663	1,734,544	1,777,613	1,367,562	1,324,342	1,557,120	1,732,836	1,853,281
Public works	2,173,149	2,067,006	1,987,632	2,137,325	2,103,309	1,972,143	2,142,768	2,241,780	2,229,720	2,604,215
Health and welfare	19,663	19,663	23,595	39,608	54,630	33,743	54,758	55,428	47,190	47,802
Community and economic development	604	-	-	-	-	-	-	-	-	-
Recreation and culture	763,370	633,608	909,829	772,324	748,442	319,239	458,453	380,473	347,816	352,623
Interest on long-term debt	128,460	126,170	101,805	82,107	67,377	78,603	5,728	22,759	21,616	15,908
Total governmental activities expenses	<u>5,944,503</u>	<u>5,764,870</u>	<u>5,704,028</u>	<u>6,406,019</u>	<u>6,378,100</u>	<u>5,142,207</u>	<u>5,835,571</u>	<u>6,348,671</u>	<u>6,080,100</u>	<u>6,360,719</u>
Business-type activities										
Water and sewer	<u>3,784,453</u>	<u>3,775,216</u>	<u>3,784,439</u>	<u>4,059,601</u>	<u>4,219,907</u>	<u>3,680,513</u>	<u>4,367,430</u>	<u>4,233,135</u>	<u>4,373,400</u>	<u>4,860,679</u>
Total primary government expenses	<u>\$ 9,728,956</u>	<u>\$ 9,540,086</u>	<u>\$ 9,488,467</u>	<u>\$ 10,465,620</u>	<u>\$ 10,598,007</u>	<u>\$ 8,822,720</u>	<u>\$ 10,203,001</u>	<u>\$ 10,581,806</u>	<u>\$ 10,453,500</u>	<u>\$ 11,221,398</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PROGRAM REVENUE										
Governmental activities										
Charges for services										
General government	\$ 231,919	\$ 248,790	\$ 249,347	\$ 181,187	\$ 186,006	\$ 222,210	\$ 261,934	\$ 245,849	\$ 250,597	\$ 258,805
Public safety	65,163	64,999	77,899	101,458	92,218	122,208	120,259	117,009	119,999	115,443
Public works	1,256,531	1,285,494	1,319,356	1,354,647	1,372,273	1,026,859	1,310,660	1,300,070	1,290,936	1,323,900
Health and welfare	-	83,358	83,410	87,554	46,781	49,593	-	-	-	-
Community and economic development	12,500	-	-	-	-	-	-	-	-	-
Recreation and culture	96,892	-	-	-	-	-	25,330	19,453	8,086	63,786
Operating grants and contributions	978,150	941,965	1,035,542	981,267	892,971	1,284,404	1,609,373	2,022,365	1,912,311	1,420,480
Capital grants and contributions	63,224	-	-	432,819	40,946	62,392	-	-	-	-
Total governmental activities program revenues	2,704,379	2,624,606	2,765,554	3,138,932	2,631,195	2,767,666	3,327,556	3,704,746	3,581,929	3,182,414
Business-type activities										
Charges for services										
Water and sewer	3,431,030	3,400,952	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692
Capital grants and contributions	101,918	44,918	-	-	-	-	-	-	-	-
Total business-type activities program revenues	3,532,948	3,445,870	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692
Total primary government program revenues	6,237,327	6,070,476	6,132,670	6,630,376	6,356,249	6,593,036	7,314,725	7,982,212	8,876,512	8,885,106
NET (EXPENSES) REVENUE										
Governmental activities	(3,240,124)	(3,140,264)	(2,938,474)	(3,267,087)	(3,746,905)	(2,374,541)	(2,508,015)	(2,643,925)	(2,498,171)	(3,178,305)
Business-type activities	(251,505)	(329,346)	(417,323)	(568,157)	(494,853)	144,857	(380,261)	44,331	921,183	842,013
Total primary government net (expense) revenue	\$ (3,491,629)	\$ (3,469,610)	\$ (3,355,797)	\$ (3,835,244)	\$ (4,241,758)	\$ (2,229,684)	\$ (2,888,276)	\$ (2,599,594)	\$ (1,576,988)	\$ (2,336,292)

continued

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
GENERAL REVENUES										
Governmental activities										
Taxes	\$ 2,203,982	\$ 2,185,855	\$ 2,962,510	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,720,724	\$ 2,980,885	\$ 3,127,224	\$ 3,322,052
State shared revenue	665,287	683,247	695,460	694,890	725,154	751,862	781,138	764,376	872,877	940,573
Investment earnings (loss)	1,839	2,563	2,117	2,929	5,320	8,867	11,640	24,674	12,946	(1,330)
Gain on sale of capital assets	-	-	-	-	-	-	122,471	23,300	57,700	31,100
Other	147,536	164,217	197,891	193,325	265,877	166,859	21,331	19,574	30,052	97,003
Special item - disposal of operations	-	-	-	(402,417)	-	-	-	-	-	-
Transfers	33,433	28,259	28,259	28,259	28,259	22,442	27,163	27,403	27,603	26,763
Total governmental activities general revenues	<u>3,052,077</u>	<u>3,064,141</u>	<u>3,886,237</u>	<u>3,496,371</u>	<u>3,824,825</u>	<u>3,832,973</u>	<u>3,684,467</u>	<u>3,840,212</u>	<u>4,128,402</u>	<u>4,416,161</u>
Business-type activities										
Investment earnings (loss)	1,816	1,850	1,552	3,885	9,101	11,515	20,754	18,836	5,023	2,051
Gain on sale of capital assets	-	-	-	-	-	-	3,000	15,000	-	-
Other	107,053	56,849	74,158	88,716	108,268	53,355	145,761	120,515	70,488	88,049
Transfers	(33,433)	(28,259)	(28,259)	(28,259)	(28,259)	(22,442)	(27,163)	(27,403)	(27,603)	(26,763)
Total business-type activities general revenues	<u>75,436</u>	<u>30,440</u>	<u>47,451</u>	<u>64,342</u>	<u>89,110</u>	<u>42,428</u>	<u>142,352</u>	<u>126,948</u>	<u>47,908</u>	<u>63,337</u>
Total primary government general revenues	<u>3,127,513</u>	<u>3,094,581</u>	<u>3,933,688</u>	<u>3,560,713</u>	<u>3,913,935</u>	<u>3,875,401</u>	<u>3,826,819</u>	<u>3,967,160</u>	<u>4,176,310</u>	<u>4,479,498</u>
Change in Net Position										
Governmental activities	(188,047)	(76,123)	947,763	229,284	77,920	1,458,432	1,176,452	1,196,287	1,630,231	1,237,856
Business-type activities	(176,069)	(298,906)	(369,872)	(503,815)	(405,743)	187,285	(237,909)	171,279	969,091	905,350
Total primary government	<u>\$ (364,116)</u>	<u>\$ (375,029)</u>	<u>\$ 577,891</u>	<u>\$ (274,531)</u>	<u>\$ (327,823)</u>	<u>\$ 1,645,717</u>	<u>\$ 938,543</u>	<u>\$ 1,367,566</u>	<u>\$ 2,599,322</u>	<u>\$ 2,143,206</u>

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 42,736	\$ 32,741	\$ 75,240	\$ 36,101	\$ 87,790	\$ 32,020	\$ 60,962	\$ 80,501	\$ 87,558	\$ 132,897
Assigned	1,000,000	1,000,000	1,000,000	1,000,000	866,000	-	-	-	-	1,465,524
Unassigned	<u>926,946</u>	<u>1,042,160</u>	<u>1,110,725</u>	<u>1,214,733</u>	<u>1,248,570</u>	<u>1,980,769</u>	<u>2,175,033</u>	<u>2,258,089</u>	<u>2,777,449</u>	<u>1,356,415</u>
Total General Fund	<u>\$ 1,969,682</u>	<u>\$ 2,074,901</u>	<u>\$ 2,185,965</u>	<u>\$ 2,250,834</u>	<u>\$ 2,202,360</u>	<u>\$ 2,012,789</u>	<u>\$ 2,235,995</u>	<u>\$ 2,338,590</u>	<u>\$ 2,865,007</u>	<u>\$ 2,954,836</u>
All other governmental funds										
Nonspendable	\$ 3,711	\$ 4,388	\$ 3,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,488,290	1,492,147	1,274,773	731,998	689,664	866,424	1,041,313	1,146,313	722,900	848,590
Assigned	43,000	42,500	53,529	-	-	-	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>(181,764)</u>	<u>(220,947)</u>	<u>(275,718)</u>	<u>(412,408)</u>	<u>(125,297)</u>	<u>(363,422)</u>	<u>-</u>	<u>(90,486)</u>	<u>(530,155)</u>
Total all other governmental funds	<u>\$ 1,535,001</u>	<u>\$ 1,357,271</u>	<u>\$ 1,110,992</u>	<u>\$ 456,280</u>	<u>\$ 277,256</u>	<u>\$ 741,127</u>	<u>\$ 677,891</u>	<u>\$ 1,146,313</u>	<u>\$ 632,414</u>	<u>\$ 318,435</u>

Source: City of St. Johns Basic Financial Statements

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES										
Taxes	\$ 2,251,154	\$ 2,225,155	\$ 3,001,810	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,745,039	\$ 2,982,861	\$ 3,129,199	\$ 3,322,052
Special assessments	-	-	-	-	-	-	-	-	-	2,435
Licenses and permits	113,824	117,345	117,171	16,481	18,362	22,770	141,560	128,189	134,463	127,903
Intergovernmental	1,509,187	1,526,236	1,634,860	1,733,976	1,659,071	2,086,068	1,970,801	2,538,308	2,235,056	2,241,418
Charges for services	1,483,161	1,508,850	1,534,362	1,545,567	1,585,772	1,495,230	1,519,899	1,505,251	1,483,874	1,545,834
Fines and forfeits	40,735	35,059	33,629	40,955	34,392	25,939	25,629	19,546	22,504	30,554
Interest and rents	26,843	22,863	23,912	25,627	28,872	33,977	34,264	48,513	31,905	18,165
Other revenue	345,010	263,193	294,033	256,078	302,710	215,644	441,041	268,007	122,042	142,456
TOTAL REVENUES	<u>5,769,914</u>	<u>5,698,701</u>	<u>6,639,777</u>	<u>6,598,069</u>	<u>6,429,394</u>	<u>6,762,571</u>	<u>6,878,233</u>	<u>7,490,675</u>	<u>7,159,043</u>	<u>7,430,817</u>
EXEPNDITURES										
General government	1,355,399	1,431,133	1,306,690	1,353,572	1,410,140	1,518,998	1,593,261	1,571,587	1,622,160	1,531,884
Public safety	1,277,285	1,379,660	1,433,635	1,518,968	1,656,139	1,595,507	1,684,724	1,778,214	1,863,571	1,998,754
Public works	170,335	1,516,231	1,522,377	1,572,503	1,519,479	1,468,507	2,587,201	2,677,921	3,129,696	2,916,832
Health and welfare	19,663	19,663	23,595	39,608	54,630	33,743	54,758	55,428	47,190	47,802
Community and economic development	604	-	-	-	-	-	-	-	-	-
Recreation and culture	675,316	577,225	833,274	655,916	281,026	293,499	401,712	308,998	290,636	618,917
Capital outlay	127,318	353,110	1,150,794	1,321,621	1,327,672	1,232,138	158,788	335,382	95,820	332,095
Debt service										
Principal	425,955	399,363	425,109	340,872	361,653	1,415,453	345,270	202,453	194,360	194,000
Interest	139,505	123,086	107,777	89,847	74,412	68,910	25,874	17,078	13,395	9,613
TOTAL EXPENDITURES	<u>4,191,380</u>	<u>5,799,471</u>	<u>6,803,251</u>	<u>6,892,907</u>	<u>6,685,151</u>	<u>7,626,755</u>	<u>6,851,588</u>	<u>6,947,061</u>	<u>7,256,828</u>	<u>7,649,897</u>
Excess of revenues over (under) expenditures	<u>\$ 1,578,534</u>	<u>\$ (100,770)</u>	<u>\$ (163,474)</u>	<u>\$ (294,838)</u>	<u>\$ (255,757)</u>	<u>\$ (864,184)</u>	<u>\$ 26,645</u>	<u>\$ 543,614</u>	<u>\$ (97,785)</u>	<u>\$ (219,080)</u>

continued

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other financing sources (uses)										
Proceeds from issuance of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,116,042	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of capital assets	-	-	-	-	-	-	106,162	-	82,700	-
Transfers in	645,616	455,013	426,921	546,216	328,624	326,633	1,254,832	335,782	1,267,448	1,379,435
Transfers out	(612,183)	(426,754)	(398,662)	(517,957)	(300,365)	(304,191)	(1,227,669)	(308,379)	(1,239,845)	(1,384,505)
Total other financing sources (uses)	33,433	28,259	28,259	28,259	28,259	1,138,484	133,325	27,403	110,303	(5,070)
Special item - disposal of operations	-	-	-	(323,264)	-	-	-	-	-	-
Net change in fund balance	<u>\$ 1,611,967</u>	<u>\$ (72,511)</u>	<u>\$ (135,215)</u>	<u>\$ (266,579)</u>	<u>\$ (227,498)</u>	<u>\$ 274,300</u>	<u>\$ 159,970</u>	<u>\$ 571,017</u>	<u>\$ 12,518</u>	<u>\$ (224,150)</u>
Debt services as a percentage of noncapital expenditures	13.91%	9.59%	9.43%	7.73%	8.14%	23.21%	5.55%	3.32%	2.90%	2.78%

Source: City of St. Johns Basic Financial Statements

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

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Developmental	Personal	Special Act Parcels	Total	Direct Tax Rate (mills) ⁽¹⁾	Total SEV	Taxable Value as a Percentage of SEV
2012	2013	\$ 131,689,328	\$ 42,825,605	\$ 4,766,258	\$ 323,855	\$ 17,823,100	\$ 3,933,278	\$ 201,361,424	11.1737	\$ 211,779,600	95.1%
2013	2014	130,806,543	44,727,741	4,561,030	340,132	17,360,000	3,915,000	201,710,446	11.1732	210,046,200	96.0%
2014	2015	131,636,561	43,814,183	4,254,867	325,085	14,454,400	4,742,800	199,227,896	15.1775	207,224,500	96.1%
2015	2016	130,490,412	42,824,938	4,248,343	296,801	15,299,600	4,107,079	197,267,173	15.1763	212,672,100	92.8%
2016	2017	133,344,131	44,042,207	3,623,843	-	14,746,700	3,271,398	199,028,279	14.6812	219,714,225	90.6%
2017	2018	136,584,114	45,544,434	3,629,201	-	13,540,615	2,973,906	202,272,270	14.1848	236,081,315	85.7%
2018	2019	141,317,631	47,058,207	3,615,563	-	13,023,600	2,852,651	207,867,652	13.1776	249,636,600	83.3%
2019	2020	146,649,825	49,566,861	4,622,968	-	15,549,400	2,364,912	218,753,966	13.6569	261,540,900	83.6%
2020	2021	152,141,851	53,772,840	4,432,942	-	16,890,600	10,568,547	237,806,780	13.5967	284,380,600	83.6%
2021	2022	157,181,103	56,373,307	4,481,423	-	18,993,800	19,807,690	256,837,323	13.9068	310,251,500	82.8%

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.

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

Tax Year	City of St. Johns						St. Johns Public Schools ⁽⁵⁾	Clinton County	Clinton County Regional Educational Service Agency	Clinton Transit	State Education Tax	District Library	Total
	General ⁽¹⁾	Economic Development ⁽²⁾	Garbage ⁽³⁾	Library	Streets ⁽⁴⁾	Total							
2012	9.4360	0.2532	0.5000	0.9845	0.0000	11.1737	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9352
2013	9.4360	0.2527	0.5000	0.9845	0.0000	11.1732	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	33.9347
2014	9.4360	0.2570	0.5000	0.9845	4.0000	15.1775	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9390
2015	9.4360	0.2558	0.5000	0.9845	4.0000	15.1763	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9378
2016	9.4360	0.2530	0.5000	0.4922	4.0000	14.6812	7.0000	5.7953	3.7615	0.1998	6.0000	0.7500	38.1878
2017	9.4360	0.2488	0.5000	0.0000	4.0000	14.1848	7.0000	5.7877	3.7520	0.1998	6.0000	0.7500	37.6743
2018	9.4360	0.2416	0.5000	0.0000	3.0000	13.1776	7.0000	5.7877	3.7482	0.1998	6.0000	0.7500	36.6633
2019	9.9430	0.2310	0.5000	0.0000	2.9829	13.6569	7.0000	5.7976	3.8154	0.1996	6.0000	0.7494	37.2189
2020	9.9052	0.2200	0.5000	0.0000	2.9715	13.5967	7.0000	5.7961	3.7967	0.1984	6.0000	0.7476	37.1355
2021	9.9810	0.2100	0.5000	0.0000	2.9658	13.6568	7.0000	6.5284	3.7762	0.6963	6.0000	0.7459	38.4036

Source: Tax warrants issued by City Assessor

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

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

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

(3) In addition to the 0.5000 mills, each residential dwelling unit is charged \$140-\$200 for annual trash service.

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

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

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

Company Name	Year Ended June 30, 2022			Year Ended June 30, 2013		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Glanbia	\$ -		-	\$ -		-
Consumers Energy	9,043,497	1	3.52	2,727,800	5	1.35
Save-A-Lot	6,109,600	2	2.38	6,878,200	1	3.42
ITC	5,837,400	3	2.27			
Mahle	4,259,453	4	1.66	3,549,804	3	1.76
Loan Oak - St. Johns LLC	3,146,485	5	1.23	-		-
1035 S US 27 LLC	2,212,493	6	0.86	-		-
Glick Suntree LLC	2,155,450	7	0.84	2,344,500	6	1.16
101 W Cass LLC	2,014,100	8	0.78			
Michigan Electronic Transmission	1,857,900	9	0.72	-		-
Clinton Commons	1,689,777	10	0.66	1,506,600	10	0.75
Allied Ring Co.	-		-	3,307,800	4	1.64
Harry's St. Johns LLC	-		-	1,997,006	7	0.99
Barnard Manufacturing	-		-	1,699,600	8	0.84
Autumn Ridge	-		-	1,655,100	9	0.82
M&M	-		-	3,768,600	2	1.87
	38,326,155		14.92	29,435,010		14.60
	218,511,168			171,926,414		
Total taxable value	\$ 256,837,323			\$ 201,361,424		

Source: City assessors office and 2013 financial statements

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

Fiscal Year Ended June 30,	General	Economic Development	Garbage	Library	Streets	Total Tax Levy ⁽¹⁾	Amount Collected in Fiscal Year of Levy		Amount Collected in Subsequent Years/Received from County ⁽²⁾	Total Tax Collections	Percent Collected
							Amount	Percentage			
2013	\$ 1,864,987	\$ 50,044	\$ 98,823	\$ 194,582	\$ -	\$ 2,208,436	\$ 2,188,777	99.11%	\$ -	\$ 2,188,777	99.11%
2014	1,866,384	49,967	98,894	194,714	-	2,209,959	2,203,855	99.72%	-	2,203,855	99.72%
2015	1,835,148	49,968	97,238	191,456	777,936	2,951,746	2,844,685	96.37%	107,051	2,951,736	100.00%
2016	1,822,644	49,395	96,573	190,151	772,634	2,931,397	2,858,694	97.52%	70,139	2,928,833	99.91%
2017	1,834,749	49,179	97,209	95,689	777,762	2,854,588	2,783,754	97.52%	70,835	2,854,589	100.00%
2018	1,880,565	49,570	99,637	-	797,183	2,826,955	2,778,227	98.28%	45,994	2,824,221	99.90%
2019	1,929,475	49,388	102,241	-	613,434	2,694,538	2,642,437	98.07%	51,909	2,694,346	99.99%
2020	2,153,826	50,024	108,297	-	646,137	2,958,284	2,905,278	98.21%	46,970	2,952,248	99.80%
2021	2,237,506	47,934	112,935	-	671,228	3,069,603	2,963,603	96.55%	98,560	3,062,163	99.76%
2022	2,374,130	49,937	178,386	-	705,449	3,307,902	3,261,250	98.59%	37,652	3,298,902	99.73%

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

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

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

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

Fiscal Year	Population	Taxable Value of Property	Governmental Activities		Business-Type Activities		Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita
			General Obligation Bonds	Notes and Loans	Revenue Bonds	Notes and Loans			
2013	7,865 ⁽²⁾	\$ 201,361,424	\$ 2,770,000	\$ 421,245	\$ 11,711,774	\$ 55,323	\$ 14,958,342	7.43%	\$ 1,901.89
2014	7,865 ⁽²⁾	201,710,446	2,420,000	346,278	11,321,566	47,692	14,135,536	7.01%	1,797.27
2015	7,865 ⁽²⁾	199,227,896	2,045,000	269,466	10,794,132	40,061	13,148,659	6.60%	1,671.79
2016	7,865 ⁽²⁾	197,267,173	1,755,000	571,067	10,241,697	32,430	12,600,194	6.39%	1,602.06
2017	7,865 ⁽²⁾	199,028,279	1,445,000	483,601	9,910,000	24,797	11,863,398	5.96%	1,508.38
2018	7,865 ⁽²⁾	202,272,270	1,201,000	410,509	9,265,000	17,168	10,893,677	5.39%	1,385.08
2019	7,865 ⁽²⁾	207,867,652	909,000	335,949	8,765,000	9,537	10,019,486	4.82%	1,273.93
2020	7,865 ⁽²⁾	218,753,966	724,000	546,136	11,380,000	382,988	13,033,124	5.96%	1,657.10
2021	7,698 ⁽³⁾	237,806,780	534,000	691,551	10,745,000	348,129	12,318,680	5.18%	1,600.24
2022	7,698 ⁽³⁾	256,837,323	340,000	590,712	10,090,000	314,126	11,334,838	4.41%	1,472.44

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

(1) Debt as a percentage of personal income is not reflected in this schedule because personal income data specifically for the City of St. Johns is not readily available. Personal income data for the Lansing-East Lansing metropolitan area is presented in Table 13.

(2) Source: 2010 Census report

(3) Source: 2020 Census report

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Taxable Value of Property⁽⁶⁾</u>	<u>General Obligation Bonds⁽¹⁾⁽²⁾</u>	<u>Bonded Debt Service Funds Available⁽¹⁾⁽³⁾</u>	<u>Net General Bonded Debt</u>	<u>Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2013	7,865 ⁽⁴⁾	\$ 201,361,424	\$ 2,770,000	\$ 200,975	\$ 2,569,025	1.28%	\$ 327
2014	7,865 ⁽⁴⁾	201,710,446	2,420,000	140,106	2,279,894	1.13%	290
2015	7,865 ⁽⁴⁾	199,227,896	2,045,000	85,205	1,959,795	0.98%	249
2016	7,865 ⁽⁴⁾	197,267,173	1,755,000	84,546	1,670,454	0.85%	212
2017	7,865 ⁽⁴⁾	199,028,279	1,445,000	-	5,709,902	2.87%	726
2018	7,865 ⁽⁴⁾	202,272,270	1,201,000	-	1,201,000	0.59%	153
2019	7,865 ⁽⁴⁾	207,867,652	909,000	-	909,000	0.44%	116
2020	7,865 ⁽⁴⁾	218,753,966	724,000	-	724,000	0.33%	92
2021	7,698 ⁽⁵⁾	237,806,780	534,000	-	534,000	0.22%	69
2022	7,698 ⁽⁵⁾	256,837,323	340,000	-	340,000	0.13%	44

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

(2) Amount does not include special assessment debt

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

(4) Source: 2010 Census report

(5) Source: 2020 Census report

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

**CITY OF ST. JOHNS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
JUNE 30, 2022**

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percent Applicable ⁽²⁾	Direct and Estimated Overlapping Debt
St. Johns Public Schools	\$ 74,477,824	31.40%	\$ 23,386,037
Clinton County	<u>26,093,098</u>	7.60%	<u>1,983,075</u>
Total overlapping debt	100,570,922		25,369,112
City of St. Johns	<u>930,712</u>	100.00%	<u>930,712</u>
Total direct and overlapping direct	<u><u>\$ 101,501,634</u></u>		<u><u>\$ 26,299,824</u></u>

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

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

**CITY OF ST. JOHNS
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
JUNE 30, 2022**

Valuation for debt limit	
2022 state equalized value	<u><u>\$ 310,251,500</u></u>
Debt limit	
10% of state equalized value and equivalent	\$ 31,025,150
Debt applicable to debt limit	<u>1,244,838</u>
Legal debt margin	<u><u>\$ 29,780,312</u></u>
Source: Clinton County equalization report	

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Ratio
2013	\$ 21,041,120	\$ 3,191,245	\$ 17,849,875	15.17%
2014	20,721,580	2,766,278	17,955,302	13.35%
2015	21,264,338	2,314,466	18,949,872	10.88%
2016	21,967,892	1,755,000	20,212,892	7.99%
2017	23,384,642	1,445,000	21,939,642	6.18%
2018	24,327,860	1,201,000	23,126,860	4.94%
2019	25,788,320	909,000	24,879,320	3.52%
2020	28,215,320	1,653,124	26,562,196	5.86%
2021	28,438,060	1,559,819	26,878,241	5.48%
2022	31,025,150	1,244,838	29,780,312	4.01%

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income ⁽³⁾⁽⁴⁾	Per Capita Unemployment Rate ⁽⁵⁾
2013	7,865 ⁽¹⁾	\$ 285,633,205	\$ 36,317	7.2%
2014	7,865 ⁽¹⁾	288,323,035	36,659	5.9%
2015	7,865 ⁽¹⁾	297,792,495	37,863	4.3%
2016	7,865 ⁽¹⁾	299,955,370	38,138	4.5%
2017	7,865 ⁽¹⁾	315,764,020	40,148	4.0%
2018	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.8%
2019	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.7%
2020	7,865 ⁽¹⁾	339,594,970	43,178	9.5%
2021	7,698 ⁽²⁾	365,347,080	47,460	5.5%
2022	7,698 ⁽²⁾	421,850,400	54,800	5.3%

(1) Source: 2010 Census Report

(2) Source: 2020 Census Report

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

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

(5) Source: Bureau of Labor Statistics

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

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

Industry	2022		2013	
	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce
Government	63,700	27.1%	61,042	28.1%
Trade, Transportation, and Utilities	35,700	15.2%	33,292	15.4%
Education and Health Services	31,600	13.4%	31,800	14.7%
Professional and Business Services	25,300	10.8%	20,975	9.7%
Manufacturing	21,100	9.0%	18,292	8.4%
Financial Activities	18,000	7.6%	13,675	6.3%
Leisure and Hospitality	17,700	7.5%	18,633	8.6%
Other Services	9,400	4.0%	10,525	4.9%
Construction and Mining	9,200	3.9%	5,525	2.5%
Information	3,600	1.5%	3,000	1.4%
Total	235,300	100.0%	216,759	100.0%

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

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

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

Function	Full-time Employees as of June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	8	8	8	8	8	7	7	7	8	8
Public safety ⁽¹⁾	10	11	11	12	12	11	11	11.5	12.5	13
Public works	18	22	22	21	19	18	18	18	17	18
Community and economic development	1	1	1	1	1	1	1	1	1	1
Recreation and culture	5	7	8	8	3	3	3	2	1	1
Total	42	49	50	50	43	40	40	39.5	39.5	41

Source: City of St. Johns Clerk's Office

(1) The City currently has two Police Union contracts: Command Officers Association of Michigan (COAM) and Police Officers Association of Michigan (POAM). COAM covers two sergeants and the term is from 7/1/2018 to 6/30/2022. POAM covers six police officers and the term is from 7/1/2018 to 6/30/2022.

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety⁽¹⁾										
Physical arrests	404	329	272	316	296	242	203	159	145	145
Parking violations	1,071	1,086	962	893	951	822	717	581	721	931
Traffic violations	1,041	893	862	901	908	840	608	539	328	410
Emergency fire responses	83	114	93	109	126	167	166	222	215	206
Public works⁽²⁾										
Street resurfacing (miles)	0.99	0.53	3.80	3.34	3.30	3.19	2.00	2.50	2.50	2.50
Number of water meters	3,321	3,321	3,252	3,262	3,317	3,334	3,342	3,342	3,342	3,421
Average daily water consumption (gallons)	671,000	657,000	658,000	588,000	713,000	725,000	725,000	725,000	725,000	728,000
Peak daily water consumption	1,410,000	1,393,000	1,120,000	1,015,000	1,410,000	1,611,800	1,600,000	1,600,000	1,600,000	1,700,000
Average daily sewage treatment	1,090,000	1,200,000	1,250,000	1,148,166	1,454,000	1,365,000	1,400,000	1,430,000	1,430,000	1,500,000
Recreation and culture⁽³⁾										
Volumes in library collection	45,380	44,657	47,071	48,637	(3)	(3)	(3)	(3)	(3)	(3)
Volumes borrowed from library	93,611	89,559	82,670	86,482	(3)	(3)	(3)	(3)	(3)	(3)

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

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

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

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety ⁽¹⁾										
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Public works ⁽²⁾										
Streets										
Streets (per lane miles)	87	87	87	87	87	89	89	89	89	89
Traffic signals	4	4	4	4	4	4	4	4	4	4
Water										
Mains (miles)	52	52	52	52	52	54	56	56	56	59
Fire hydrants	431	432	432	432	432	436	467	467	467	479
Storage capacity (gallons)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Sewer										
Sanitary sewers (miles)	43	43	43	43	43	43	43	43	43	44
Storm sewers (miles)	32	32	32	32	32	32	32	32	32	32
Treatment capacity (million gallons per day)	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Recreation and culture ⁽³⁾										
Parks (acres)	94	94	97	97	97	97	97	97	97	97
Playgrounds	6	6	6	6	6	6	6	6	6	6
Municipal swimming pools	-	-	-	-	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	4
Softball diamonds	1	1	1	1	1	1	1	1	1	1

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

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Johns, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of St. Johns' basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Johns' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of St. Johns' internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Johns' internal control.

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

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

2022-001 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS

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

2022-001 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS (concluded)

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

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of St. Johns' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

2022-002 FUND BALANCE DEFICIT

Condition: At the end of the fiscal year, the Street Millage II Capital Projects Fund reported a fund balance deficit. The City also budgeted for a fund deficit in one capital projects fund, the Street Millage II Fund.

Criteria: The Michigan Public Act 621 of 1978, as amended, (Uniform Budgeting and Accounting Act) requires the City to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."

Cause: The City anticipated that the Street Millage II Capital Projects Fund would have a fund balance deficit as the funds are expended prior to the collection of the tax levied.

Effect: The City is not in compliance with the Uniform Budgeting and Accounting Act. As a result, the City will be required to continue to prepare and submit a Deficit Elimination Plan to the State of Michigan. Also, budgeting for a fund deficit as described above, the City is effectively planning not to comply with Public Act 621 of 1978, as amended.

2022-002 FUND BALANCE DEFICIT (concluded)

Recommendation: We recommend that the City update the Street Millage II Capital Projects Fund deficit elimination plan and utilize budgetary controls to limit expenditures and/or transfer funds as needed to alleviate deficits. We also recommend the City adopt budgets that do not result in a deficit position.

Corrective Action Response: The Street Millage II Fund deficit fund balance was a planned deficit as eligible expenditures were incurred in advance of tax revenues. The City plans to eliminate this deficit through future tax collections.

City of St. Johns' Responses to Findings

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

Purpose of This Report

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

Maney Costeiran PC

December 20, 2022