

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

CITY OF ST. JOHNS, MICHIGAN

**PREPARED BY
KRISTINA KINDE, CITY TREASURER**

FISCAL YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

Scott Dzurka
Mayor

Brad Gurski
Vice Mayor

Eric Hufnagel
Commissioner

Jean Ruestman
Commissioner

Chris Hyzer
Commissioner



Chad A. Gamble, P.E.
City Manager

Mindy J. Seavey
City Clerk

Kristina Kinde
City Treasurer

Michael Homier
City Attorney

Justin Smith
Director of Public Services

December 2, 2024

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

We are pleased to present the City of St. Johns' Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, along with the Independent Auditor's Report, in compliance with Michigan state law. State law mandates that local governments publish a complete set of financial statements within six months of the fiscal year-end, in accordance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm following generally accepted auditing standards. This ACFR complies with these state law requirements.

The City's management assumes full responsibility for the completeness and accuracy of the information in this report, which is supported by robust internal controls established for this purpose. Given that the cost of internal controls should not exceed their anticipated benefits, the goal is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

Maner Costerisan, the City's independent auditor, issued an unmodified, "clean" opinion on the City's financial statements for the fiscal year ending June 30, 2024. The independent auditor's report appears at the beginning of the financial section. Following this report is the Management's Discussion and Analysis (MD&A), which provides a narrative overview, introduction, and analysis of the financial statements. The MD&A is complementary to this transmittal letter 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 consists of the Mayor and four members who enact local laws, set policies, and approve the annual budget. The City Manager, appointed by the Commission, is responsible for the City's daily operations.

The City Commission adopts a final budget before each fiscal year begins on July 1. The annual budget serves as the foundation for the City's financial planning and control. For the General Fund, budgets are adopted at the department level, while for all other Governmental Funds, they are adopted at the fund level, in alignment with Michigan's Public Act 621.

The City provides a full range of municipal services, including police and fire protection, waste and recycling collection, water supply, sewage treatment, storm sewer maintenance, road infrastructure, economic development, park management, recreational programs, other community facilities, and administrative services. Internal services include motor pool operations and financial management.

The City's three component units: the Downtown Development Authority (DDA), Local Development Finance Authority (LDFA), and Principal Shopping District (PSD) are reported separately in the government-wide financial statements to emphasize their legal separation from the primary government. The DDA and PSD foster business development and coordinate holiday events and other celebrations downtown, while the LDFA supports business growth in the City's industrial area.

St. Johns, Michigan, located 18 miles north of downtown Lansing, is a historic community founded in 1856. Covering about 4.02 square miles, with a population of around 8,000 and roughly 44 miles of streets, the City is known as the Mint City for its unique agricultural heritage. St. Johns combines small-town charm with easy access to Lansing and serves as the county seat for Clinton County. For more information, visit cityofstjohnsmi.com.

Financial Condition

The General Fund is the primary operating fund for the City. Over recent years, the General Fund's balance has remained steady with minimal change in the total fund balance. (see the Statistical Section of the financial statements).

Local Economy

The City hosts a diverse range of businesses, including retail, commercial, and manufacturing sectors, and is located near the Lansing-East Lansing Metropolitan Statistical Area (MSA), which includes Clinton, Ingham, and Eaton counties. The current unemployment rate for this area is 3.8%. The City's residential and manufacturing sectors are growing, with approximately 24 residential units completed in the Central Business District over the past year and an expected 45 more in the coming year. Economic growth continues with the planned investment of \$25 million towards the redevelopment of the former Federal Mogul building into the Prevail Solar manufacturing facility. The industrial park is also experiencing a heightened level of activity, with potential resale and reactivation of the old Save-A-Lot facility and the City's remaining property holdings. If these initiatives proceed as hoped, around 350 new jobs are anticipated, strengthening the City's economic outlook.

Tax Abatements

Tax abatements and credits remain vital tools in the City's economic development strategy. Credits, such as brownfield and Public Act 198 incentives, encourage initial investments that ultimately enhance the community and revitalize properties. Although temporary, these tax credits contribute to increased property values, higher DDA funding, and broader economic benefits like local services and retail activity. These outcomes bolster the City's resilience and community strength.

Long-term Financial Planning

The City's Charter provides a 10-mill cap. Under the Headlee Amendment, local governments must apply a Headlee rollback factor annually, resulting in a cumulative factor that reduces the authorized millage rate. On November 8, 2024, voters were asked to approve an additional 0.2182 mills to restore the City's millage rate to its cap of 10 mills. The proposal did not pass and thus the revenues the City receives will continue at the 9.7818 mill rate until further reduced by Headlee and Proposal A.

Financial Policies

In August 2016, the City Commission adopted a Fund Balance Policy, based on recommendations from the Government Financial Officers Association. This policy aims for an unassigned fund balance between 15% and 20% of annual expenditures, ensuring reserves for unexpected costs. Currently, the City's General Fund Balance stands at \$3,207,862, representing around 58% of expenditures.

Major Initiatives

The City successfully completed another year of street improvements with increased funding via a dedicated street millage. Voters initially approved a 4-mill, 4-year program in 2014, followed by a 3-mill, 5-year program in 2017, and a 3-mill, 6-year program in 2022. The improvements can be seen across the City, contributing to economic development and enhancing parking downtown. There is no better example than "infrastructure" millage dollars into increased economic opportunity than the recently completed Brush Street reconstruction project. In addition to new sections of sidewalk, curbs and gutters, and a roadway, this project added 24 parking spaces to the Central Business District.

The City continues to develop its geographic information system (GIS) for infrastructure management, adding new features and datasets annually. This year, sidewalk location and condition, potable water service line data material, and sanitary sewer lining layers were all added. GIS data aids budget decisions and long-term capital planning.

The Wilson Community Center project was approved in 2023, establishing a public-private partnership (P3) with Dymaxion Development Company. This partnership will transform the former Rodney B. Wilson High School property into a: community center, retaining gym and auditorium spaces, adding a community room, and approximately 45 apartments. The project was briefly paused to allow time for the application of Federal Historic Tax Credits. These funds when received by Dymaxion will preserve the building's character and adding funding for a high-quality final product. Construction is expected to begin in Spring 2025, with the City's unit completed by the first quarter of 2026.

A generational project continued towards its targeted construction in the Spring of 2025. The current Fantasy Forest playscape equipment is over 20 years old and has reached its lifespan. The extreme makeover of Fantasy Forest in the St. Johns City Park will establish one of the most significant universally accessible playscape in the state of Michigan. The Fantasy Forest 2.0 project was guided by the Fantasy Forest Core Team (FFCT), representing a broad range of community skill sets. The FFCT, in conjunction with and approval by the City Commission, developed a \$2.4 million master-planned renovation. With support from the St. Johns Area Community Fund, a DNR SPARK grant, community crowd funding, and other grants, the community raised over \$1.7 million to date towards its master plan goal. Construction of Fantasy Forest 2.0 will begin in the Spring of 2025.

Awards

The Government Finance Officers Association (GFOA) awarded the City of St. Johns the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The City has received this award annually since 2000. To qualify, a governmental unit must publish an accessible, well-organized Annual Comprehensive Financial Report that meets program standards, including GAAP and legal requirements. The Certificate of Achievement is valid for one year. We believe this year's report meets the requirements and are submitting it to the GFOA for consideration.

Acknowledgments

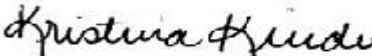
The preparation of this report was made possible by the hard work and dedication of the City of St. Johns finance/treasury staff. We appreciate their time and efforts in support in the creation of this critical document. Residents, employees, and service recipients should recognize the care and responsibility by all City Team members put into managing the City’s resources.

We also extend thanks to the City Commission and the Finance Advisory Board for their dedication to responsible and balanced financial planning for the City.

Respectfully submitted,



Chad A. Gamble, P.E.
City Manager



Kristina Kinde
City Treasurer

**CITY OF ST. JOHNS
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2024**

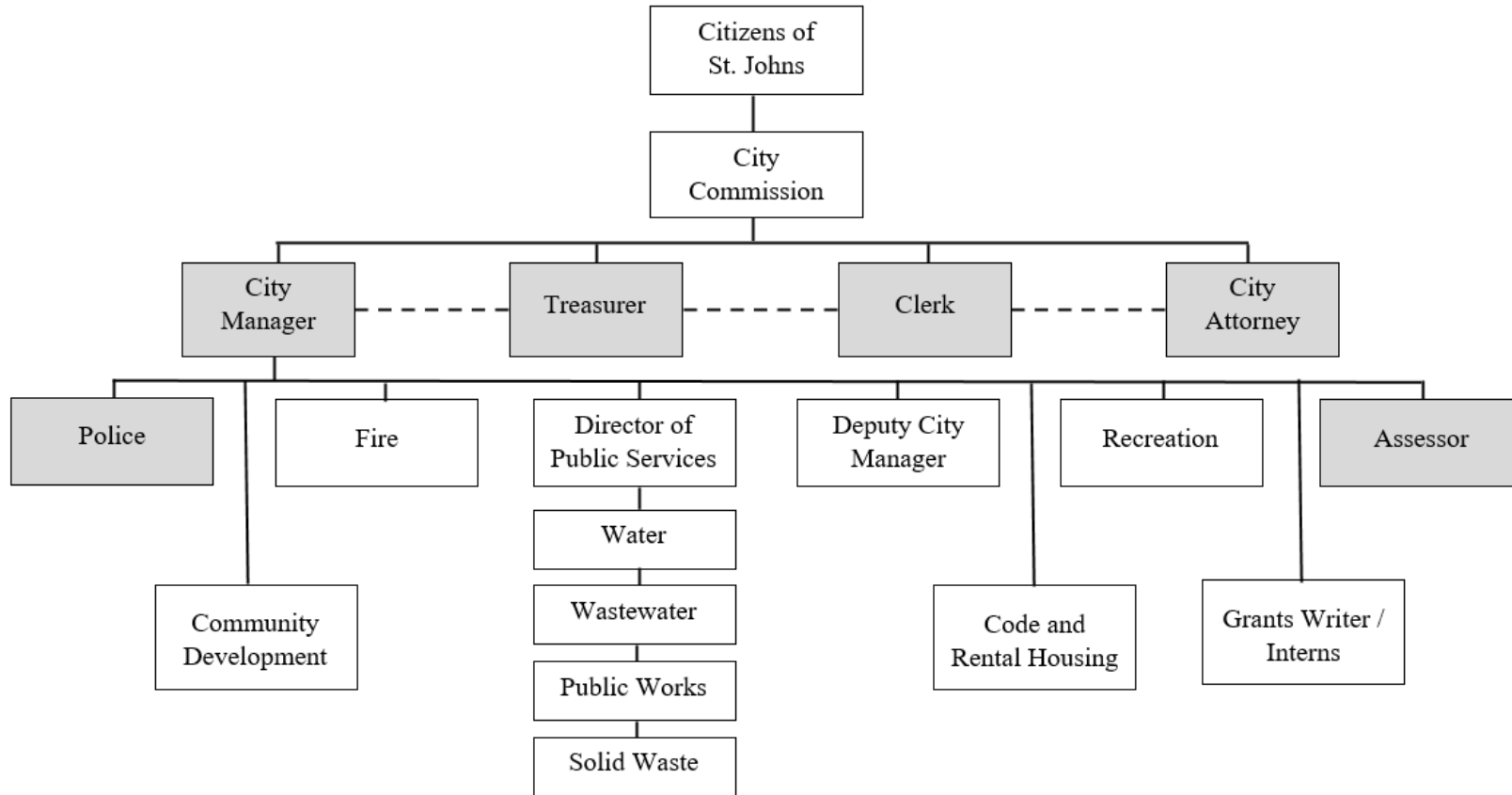
City Commission


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

Officers and Officials

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

**CITY OF ST. JOHNS
ORGANIZATIONAL CHART
JUNE 30, 2024**



 Positions Appointed by City Commission



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, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Johns, as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, 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 2, 2024

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, 2024. 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, 2024.

Total net position	\$ 24,337,073
Change in net position	2,876,020
Total fund balance in the governmental funds	6,758,323
Change in fund balance in the governmental funds	3,114,948
Unassigned fund balance in the General Fund	1,624,795
Change in fund balance in the General Fund	522,157
Total investment in capital assets, net of accumulated depreciation	29,793,103
Net change in capital assets	386,585
Total long-term debt outstanding	13,177,969
Payments on long-term debt	(1,046,796)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Both statements report the following activities:

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

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

The following table shows, in a condensed format, a comparative analysis of the net position as of June 30, 2024, and 2023.

Net Position as of June 30, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 7,684,259	\$ 5,288,738	\$ 6,435,631	\$ 5,734,564	\$ 14,119,890	\$ 11,023,302
Capital assets	15,287,744	14,349,215	14,505,359	15,057,303	29,793,103	29,406,518
TOTAL ASSETS	<u>22,972,003</u>	<u>19,637,953</u>	<u>20,940,990</u>	<u>20,791,867</u>	<u>43,912,993</u>	<u>40,429,820</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>828,086</u>	<u>1,086,215</u>	<u>573,645</u>	<u>792,384</u>	<u>1,401,731</u>	<u>1,878,599</u>
LIABILITIES						
Current	705,525	1,604,413	1,020,266	1,346,295	1,725,791	2,950,708
Noncurrent	8,621,829	6,002,221	10,630,031	11,894,437	19,251,860	17,896,658
TOTAL LIABILITIES	<u>9,327,354</u>	<u>7,606,634</u>	<u>11,650,297</u>	<u>13,240,732</u>	<u>20,977,651</u>	<u>20,847,366</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	13,169,326	13,065,689	5,681,122	5,515,516	18,850,448	18,581,205
Restricted	3,550,461	957,002	1,217,374	1,196,056	4,767,835	2,153,058
Unrestricted	<u>(2,247,052)</u>	<u>(905,157)</u>	<u>2,965,842</u>	<u>1,631,947</u>	<u>718,790</u>	<u>726,790</u>
TOTAL NET POSITION	<u>\$ 14,472,735</u>	<u>\$ 13,117,534</u>	<u>\$ 9,864,338</u>	<u>\$ 8,343,519</u>	<u>\$ 24,337,073</u>	<u>\$ 21,461,053</u>

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,337,073 as of June 30, 2024. A portion of the City's net position, \$718,790, reflects its balance of unrestricted net position.

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

The City's net position invested in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding was \$18,850,448 at June 30, 2024. 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, \$4,767,835 represents resources that are subject to external restrictions on how they may be used.

Overall net position increased by \$2,876,020 during the current year as indicated below.

Changes in Net Position for the Fiscal Year Ended June 30, 2024 and 2023

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 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenue						
Charges for services	\$ 1,880,514	\$ 1,887,062	\$ 6,008,657	\$ 5,856,833	\$ 7,889,171	\$ 7,743,895
Operating grants and contributions	2,306,089	1,335,241	-	-	2,306,089	1,335,241
Capital grants and contributions	195,824	-	-	-	195,824	-
General revenues						
Property taxes	3,502,246	3,485,501	-	-	3,502,246	3,485,501
State shared revenue	968,946	946,648	-	-	968,946	946,648
Investment earnings	23,597	6,094	33,774	18,411	57,371	24,505
Gain (loss) on sale of capital assets	35,094	(21,138)	-	-	35,094	(21,138)
Miscellaneous	136,654	98,194	74,114	85,421	210,768	183,615
Transfers	27,043	26,923	(27,043)	(26,923)	-	-
TOTAL REVENUES	9,076,007	7,764,525	6,089,502	5,933,742	15,165,509	13,698,267
EXPENSES						
General government	1,868,990	1,996,375	-	-	1,868,990	1,996,375
Public safety	2,156,969	2,073,002	-	-	2,156,969	2,073,002
Public works	2,477,106	2,392,896	-	-	2,477,106	2,392,896
Health and welfare	92,376	140,382	-	-	92,376	140,382
Recreation and culture	1,093,200	397,141	-	-	1,093,200	397,141
Water and sewer	-	-	4,568,683	4,981,796	4,568,683	4,981,796
Interest on long-term debt	32,165	11,303	-	-	32,165	11,303
TOTAL EXPENSES	7,720,806	7,011,099	4,568,683	4,981,796	12,289,489	11,992,895
Change in net position	1,355,201	753,426	1,520,819	951,946	2,876,020	1,705,372
Net position, beginning of the year	13,117,534	12,364,108	8,343,519	7,391,573	21,461,053	19,755,681
Net position, end of the year	\$ 14,472,735	\$ 13,117,534	\$ 9,864,338	\$ 8,343,519	\$ 24,337,073	\$ 21,461,053

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

Governmental Activities

Fiscal year 2024 results showed an increase in net position of \$1,355,201 to \$14,472,735. This is an increase of approximately 10% from the prior fiscal year. The largest revenue source was property taxes which consists of approximately 40% of the total revenues. The largest expenses are related to public works and public safety which make up approximately 32% and 28%, respectively, of the total expenses. Key elements of the increase in net position are as follows:

- Operating grants and contributions increased approximately \$970,000, due to an ARPA grant utilized in the current year.
- Capital grants increased approximately \$195,000, due to a new trail grant.
- General government expenses decreased by approximately \$127,000 due to Wilson Center capital purchases now a part of Recreation and culture.

Business-type Activities

Fiscal year 2024 results showed an increase in net position of \$1,520,819 to \$9,864,338. This is an increase of approximately 18% from the prior fiscal year. Key elements of the increase in net position are as follows:

- Charges for services increased approximately \$152,000, due mainly to increased water and sewer rates and usage.

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

As the City completed fiscal year 2024, its governmental funds reported a positive *combined* fund balance. The net changes are summarized in the following chart:

Fund Balance as of:	Governmental Funds			Nonmajor Governmental Funds	Total
	General	Major Street	Wilson Center		
June 30, 2024	\$ 3,207,862	\$ 546,838	\$ 2,076,708	\$ 926,915	\$ 6,758,323
June 30, 2023	\$ 2,685,705	\$ 545,579	\$ -	\$ 412,091	\$ 3,643,375
Change	\$ 522,157	\$ 1,259	\$ 2,076,708	\$ 514,824	\$ 3,114,948

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 19%, due primarily to an increase in grants.

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 less than 1% as a result of an increase in Act 51 funding.

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

Wilson Center Fund

The Wilson Center Fund accounts for the acquisition of capital assets or construction of the Wilson Center project not being financed by proprietary funds. At the end of the current fiscal year, the total fund balance was \$2,076,708.

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 \$6,309,422, or \$166,882 (3%) less than the final amended budget which was increased from the original budget by \$619,030. General Fund actual expenditures and other financing uses came in at \$5,787,265 and the final amended budget was \$6,457,437, which was approximately 10% more than actual. The final amended budget was 7% higher than the originally adopted budget after new information became available requiring the amendments. The significant variances related to the General Fund's budget are noted below.

	Original Budget	Final Amended Budget	Variance between Original and Final Budgets	Actual	Variance between Final Budget and Actual
Revenue and Other Financing Sources					
Taxes	\$ 2,640,452	\$ 2,642,352	\$ 1,900	\$ 2,624,255	\$ (18,097)
Intergovernmental	1,905,426	2,161,586	256,160	2,048,106	(113,480)
Sale of capital assets	30,000	30,000	-	-	(30,000)
Expenditures					
Public safety					
Police department	1,782,882	1,820,073	37,191	1,767,700	52,373
Public works					
Department of public works	457,597	587,736	130,139	499,179	88,557
Recreation and culture					
City parks	167,577	169,077	1,500	124,002	45,075
Capital outlay	1,315,500	1,038,736	(276,764)	622,262	416,474

- Actual tax revenue was lower than the final budgeted amount due to board of review adjustments and TIF captures.
- Budgeted intergovernmental revenues were amended during the year when the City decided to spend the remainder of the ARPA funding. Actual intergovernmental revenue was lower than the final budgeted amount because the City did not receive a grant that was applied for improvements to the basketball, tennis and pickleball courts.
- Budgeted sale of capital assets was lower than budget as the proceeds for the fire truck occurred in the mobile equipment internal service fund instead of the general fund.
- Amounts budgeted for police department expenditures were amended during the year when a grant was received for body worn cameras was received. Actual police expenditures were lower than the final budgeted amount due to defined benefit costs being less than budgeted.

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

- Amounts budgeted for public works expenditures were amended during the year when time worked by public works employees was higher than budgeted and parking lot improvements increased. Actual public works expenditures were lower than the final budgeted amount due to actual wages coming in lower than estimated.
- Budgeted expenditures for City parks were amended during the year when internet services were upgraded at the depot. Actual city park expenditures were lower than the final budgeted amount due to better time management with park maintenance.
- Budgeted expenditures for capital outlay were amended during the year when a grant for improvements to the basketball, tennis, and pickleball courts was not received. Actual capital outlay expenditures were lower than budgeted amount due to Higham/Brush parking lot not being completed.

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, 2024	\$ 9,864,338
June 30, 2023	\$ 8,343,519
Change	\$ 1,520,819

At the end of the current fiscal year, the total fund balance had increased approximately 18% as a result of increased water charges due to usage and rates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2024, 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, 2024:

	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2024</u>
Governmental Activities			
Land	\$ 1,301,113	\$ -	\$ 1,301,113
Construction in progress	310,046	614,300	924,346
Land improvements, net	520,450	242,545	762,995
Buildings and improvements, net	1,703,658	(94,601)	1,609,057
Vehicles, net	1,778,805	(230,347)	1,548,458
Furniture, net	141,047	89,073	230,120
Equipment - right to use, net	-	130,302	130,302
Drainage flowage rights, net	362,690	3,771	366,461
Infrastructure, net	<u>8,231,406</u>	<u>183,486</u>	<u>8,414,892</u>
 Total governmental activities	 <u>14,349,215</u>	 <u>938,529</u>	 <u>15,287,744</u>
Business-type Activities			
Land	169,161	-	169,161
Construction in progress	47,540	(29,347)	18,193
Water system, net	3,167,640	116,404	3,284,044
Sewer system, net	11,037,445	(671,051)	10,366,394
Equipment, net	<u>635,517</u>	<u>32,050</u>	<u>667,567</u>
 Total business-type activities	 <u>15,057,303</u>	 <u>(551,944)</u>	 <u>14,505,359</u>
 Capital assets, net	 <u>\$ 29,406,518</u>	 <u>\$ 386,585</u>	 <u>\$ 29,793,103</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:

- City Annual Street millage program
- Wilson Center purchase and improvements
- New volleyball court at city park.
- Electrical upgrades in park
- Installation of recirculation tank at splash park
- Walker Road lane extension
- Purchase of new DPW vehicles
- Scott Road trail connection
- Purchase of two new water trucks
- Purchase of new wastewater truck
- New high service pump replacement
- Engineering design for tertiary filter 1
- Influent pump 3 VFD replacement
- CIPP Lining of Sanitary Sewer

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

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

	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2024</u>
Governmental Activities			
General obligation bonds	\$ 141,000	\$ 2,952,899	\$ 3,093,899
Direct borrowing and direct placements	1,142,526	(16,299)	1,126,227
Compensated absences	196,797	18,527	215,324
	<u>1,480,323</u>	<u>2,955,127</u>	<u>4,435,450</u>
 Business-type Activities			
General obligation bonds	9,415,000	(700,000)	8,715,000
Direct borrowing and direct placements	279,043	(36,200)	242,843
Compensated absences	89,811	1,811	91,622
	<u>9,783,854</u>	<u>(734,389)</u>	<u>9,049,465</u>
 Total long-term obligations	<u>\$ 11,264,177</u>	<u>\$ 2,220,738</u>	<u>\$ 13,484,915</u>

Long-term debt for the acquisition of a new capital project bond for the Wilson Center project and the leasing of a Caterpillar Wheel Loader was obtained during the current fiscal year while all other debt decreased during the fiscal year as a result of scheduled debt service payments.

Limitations on Debt

State statute limits the City's debt obligations to 10 percent of the current state equalized value (SEV), net of certain adjustments. The City's SEV as of June 30, 2024, net of adjustments, was approximately \$358 million; therefore, the City's debt limitation was approximately \$35 million. The City remains below its legal debt limit by approximately \$31 million. The City's computation of the legal debt limit is shown in the statistical section of this report.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The following factors were considered in preparing the City's budget for the 2025 fiscal year:

- Healthcare costs will increase with the rise in premiums being approximately 10%.
- Taxable values are increasing resulting in fairly stable property tax revenue.
- Cost of employee fringe benefits.
- Capital projects in capital improvement plan
- Rising costs due to inflation

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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,211,966	\$ 2,966,958	\$ 8,178,924	\$ 884,874
Investments	267,428	277,934	545,362	-
Receivables, net	221,371	1,725,814	1,947,185	-
Due from other governmental units	517,261	-	517,261	26,978
Internal balances	(19,608)	19,608	-	-
Inventory	15,400	156,566	171,966	-
Prepays	140,876	825	141,701	-
Total current assets	6,354,694	5,147,705	11,502,399	911,852
Noncurrent assets				
Restricted cash	-	1,287,926	1,287,926	-
Investments	888,340	-	888,340	-
Equity interest in ambulance service authority	441,225	-	441,225	-
Capital assets not being depreciated/amortized	2,225,459	187,354	2,412,813	-
Capital assets, net of accumulated depreciation/amortization	13,062,285	14,318,005	27,380,290	-
Total noncurrent assets	16,617,309	15,793,285	32,410,594	-
TOTAL ASSETS	22,972,003	20,940,990	43,912,993	911,852
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	133,606	133,606	-
Deferred outflows of resources related to pensions	828,086	440,039	1,268,125	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	828,086	573,645	1,401,731	-
LIABILITIES				
Current liabilities				
Accounts payable	237,356	87,043	324,399	1,205
Accrued liabilities	72,801	22,571	95,372	2,084
Deposits payable	-	16,930	16,930	-
Due to other governmental units	8,290	-	8,290	-
Accrued interest payable	50,001	70,552	120,553	-
Current portion of compensated absences	163,165	65,820	228,985	-
Current portion of long-term debt	173,912	757,350	931,262	-
Total current liabilities	705,525	1,020,266	1,725,791	3,289
Noncurrent liabilities				
Noncurrent portion of compensated absences	52,159	25,802	77,961	-
Noncurrent portion of long-term debt	4,046,214	8,200,493	12,246,707	-
Net pension liability	4,523,456	2,403,736	6,927,192	-
Total noncurrent liabilities	8,621,829	10,630,031	19,251,860	-
TOTAL LIABILITIES	9,327,354	11,650,297	20,977,651	3,289
NET POSITION				
Net investment in capital assets	13,169,326	5,681,122	18,850,448	-
Restricted				
Streets	753,498	-	753,498	-
Garbage	230,188	-	230,188	-
Drug law enforcement	1,341	-	1,341	-
Debt service	-	1,217,374	1,217,374	-
Capital projects	2,565,434	-	2,565,434	-
Unrestricted	(2,247,052)	2,965,842	718,790	908,563
TOTAL NET POSITION	\$ 14,472,735	\$ 9,864,338	\$ 24,337,073	\$ 908,563

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,868,990	\$ 317,740	\$ 137,329	\$ -	\$ (1,413,921)	\$ -	\$ (1,413,921)	\$ -
Public safety	2,156,969	120,731	831,442	3,900	(1,200,896)	-	(1,200,896)	-
Public works	2,477,106	1,367,642	1,189,002	191,924	271,462	-	271,462	-
Health and welfare	92,376	-	63,821	-	(28,555)	-	(28,555)	-
Recreation and culture	1,093,200	74,401	84,495	-	(934,304)	-	(934,304)	-
Interest on long-term debt	32,165	-	-	-	(32,165)	-	(32,165)	-
Total governmental activities	<u>7,720,806</u>	<u>1,880,514</u>	<u>2,306,089</u>	<u>195,824</u>	<u>(3,338,379)</u>	<u>-</u>	<u>(3,338,379)</u>	<u>-</u>
Business-type activities								
Water and sewer	<u>4,568,683</u>	<u>6,008,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439,974</u>	<u>1,439,974</u>	<u>-</u>
Total primary government	<u>\$ 12,289,489</u>	<u>\$ 7,889,171</u>	<u>\$ 2,306,089</u>	<u>\$ 195,824</u>	<u>(3,338,379)</u>	<u>1,439,974</u>	<u>(1,898,405)</u>	<u>-</u>
Component units								
Downtown development authority	\$ 46,653	\$ -	\$ 10,000	\$ -	-	-	-	(36,653)
Principal shopping district	62,397	-	95,497	-	-	-	-	33,100
Local development finance authority	<u>12,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,852)</u>
Total component units	<u>\$ 121,902</u>	<u>\$ -</u>	<u>\$ 105,497</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,405)</u>
General revenues								
Property taxes					3,502,246	-	3,502,246	310,892
State shared revenue					968,946	-	968,946	-
Investment earnings					23,597	33,774	57,371	2,255
Gain on sale of capital assets					35,094	-	35,094	-
Other					136,654	74,114	210,768	-
Transfers					<u>27,043</u>	<u>(27,043)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>4,693,580</u>	<u>80,845</u>	<u>4,774,425</u>	<u>313,147</u>
Change in net position					1,355,201	1,520,819	2,876,020	296,742
Net position, beginning of the year					<u>13,117,534</u>	<u>8,343,519</u>	<u>21,461,053</u>	<u>611,821</u>
Net position, end of the year					<u>\$ 14,472,735</u>	<u>\$ 9,864,338</u>	<u>\$ 24,337,073</u>	<u>\$ 908,563</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General	Special Revenue Major Street	Capital Projects Wilson Center	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,602,822	\$ 362,095	\$ 2,101,708	\$ 909,783	\$ 5,976,408
Investments	267,428	-	-	-	267,428
Receivables					
Accounts	217,421	-	-	-	217,421
Special assessments	-	-	-	3,950	3,950
Due from other governmental units	213,739	256,481	-	47,041	517,261
Due from other funds	132,208	10,370	-	50,649	193,227
Prepaid expenditures	140,876	-	-	-	140,876
TOTAL ASSETS	\$ 3,574,494	\$ 628,946	\$ 2,101,708	\$ 1,011,423	\$ 7,316,571
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 117,298	\$ 78,843	\$ 25,000	\$ 11,535	\$ 232,676
Accrued liabilities	67,218	947	-	3,026	71,191
Due to other governmental units	8,290	-	-	-	8,290
Due to other funds	173,826	2,318	-	65,997	242,141
TOTAL LIABILITIES	366,632	82,108	25,000	80,558	554,298
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	3,950	3,950
FUND BALANCES					
Nonspendable	140,876	-	-	-	140,876
Restricted	-	546,838	2,076,708	926,915	3,550,461
Assigned	1,442,191	-	-	-	1,442,191
Unassigned	1,624,795	-	-	-	1,624,795
TOTAL FUND BALANCES	3,207,862	546,838	2,076,708	926,915	6,758,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,574,494	\$ 628,946	\$ 2,101,708	\$ 1,011,423	\$ 7,316,571

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, 2024**

Total fund balances - governmental funds \$ 6,758,323

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	\$ 25,764,895	
Accumulated depreciation/amortization is	<u>(11,399,539)</u>	
Capital assets, net		14,365,356

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		549,303
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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.		3,950
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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.		441,225
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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 to 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		828,086
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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:

Capitalized bond premiums	(93,899)	
Accrued interest payable	(39,872)	
Compensated absences	(215,324)	
Long-term debt	(3,600,957)	
Net pension liability	<u>(4,523,456)</u>	
		<u>(8,473,508)</u>

Net position of governmental activities		<u>\$ 14,472,735</u>
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See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	General	Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total
		Major Street	Wilson Center		
REVENUES					
Taxes	\$ 2,624,255	\$ -	\$ -	\$ 991,333	\$ 3,615,588
Special assessments	-	-	-	2,252	2,252
Licenses and permits	116,937	-	-	-	116,937
Intergovernmental	2,048,106	1,000,016	-	346,643	3,394,765
Charges for services	1,031,448	-	-	575,125	1,606,573
Fines and forfeitures	11,980	-	-	-	11,980
Investment earnings and rent	40,860	605	1,271	1,479	44,215
Other	155,403	1,155	-	2,996	159,554
TOTAL REVENUES	6,028,989	1,001,776	1,271	1,919,828	8,951,864
EXPENDITURES					
Current					
General government	1,850,043	-	-	-	1,850,043
Public safety	2,018,908	-	-	611	2,019,519
Public works	499,179	815,869	-	1,195,334	2,510,382
Health and welfare	92,376	-	-	-	92,376
Recreation and culture	310,290	-	648,584	28,147	987,021
Debt service	80,420	-	89,445	143,089	312,954
Capital outlay	622,262	-	-	-	622,262
TOTAL EXPENDITURES	5,473,478	815,869	738,029	1,367,181	8,394,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	555,511	185,907	(736,758)	552,647	557,307
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	3,000,000	-	3,000,000
Premium related to issuance of debt	-	-	93,899	-	93,899
Transfers in	280,433	305,142	-	544,348	1,129,923
Transfers out	(313,787)	(489,790)	(280,433)	(582,171)	(1,666,181)
TOTAL OTHER FINANCING SOURCES (USES)	(33,354)	(184,648)	2,813,466	(37,823)	2,557,641
NET CHANGE IN FUND BALANCES	522,157	1,259	2,076,708	514,824	3,114,948
Fund balances, beginning of year	2,685,705	545,579	-	412,091	3,643,375
Fund balances, end of year	<u>\$ 3,207,862</u>	<u>\$ 546,838</u>	<u>\$ 2,076,708</u>	<u>\$ 926,915</u>	<u>\$ 6,758,323</u>

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ 3,114,948

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	\$ 1,950,458	
Depreciation/amortization expense	<u>(1,047,428)</u>	
Excess of capital outlay over depreciation/amortization expense		903,030

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		43,904
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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:

Change in equity interest in the Clinton Area Ambulance Service Authority		63,821
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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:

Direct borrowings	(3,000,000)	
Premium on bond issuance	(93,899)	
Principal retirement	<u>195,907</u>	
Excess of direct borrowings over principal retirement		(2,897,992)

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

(Increase) in accrued interest payable	(13,661)	
(Increase) in compensated absences	(18,527)	
Decrease in net pension liability	419,782	
(Decrease) in deferred outflows of resources related to pensions	<u>(258,129)</u>	
		<u>129,465</u>

Change in net position of governmental activities \$ 1,355,201

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<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>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,966,958	\$ 123,898
Investments	277,934	-
Accounts receivables, net	1,725,814	-
Due from other funds	173,826	30,000
Inventory	156,566	15,400
Prepays	825	-
	<u>5,301,923</u>	<u>169,298</u>
Total current assets		
Noncurrent assets		
Restricted cash	1,287,926	-
Capital assets not being depreciated/amortized	187,354	-
Capital assets, net of accumulated depreciation/amortization	<u>14,318,005</u>	<u>922,388</u>
	<u>15,793,285</u>	<u>922,388</u>
Total noncurrent assets		
	<u>21,095,208</u>	<u>1,091,686</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	133,606	-
Deferred outflows of resources related to pensions	<u>440,039</u>	<u>-</u>
	<u>573,645</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
LIABILITIES		
Current liabilities		
Accounts payable	87,043	4,680
Accrued liabilities	22,571	1,610
Customer deposits	16,930	-
Due to other funds	154,218	694
Accrued interest payable	70,552	10,129
Current portion of compensated absences	65,820	-
Current portion of long-term debt	<u>757,350</u>	<u>110,609</u>
	<u>1,174,484</u>	<u>127,722</u>
Total current liabilities		
Noncurrent liabilities		
Noncurrent portion of compensated absences	25,802	-
Noncurrent portion of long-term debt	8,200,493	414,661
Net pension liability	<u>2,403,736</u>	<u>-</u>
	<u>10,630,031</u>	<u>414,661</u>
Total noncurrent liabilities		
	<u>11,804,515</u>	<u>542,383</u>
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	5,681,122	397,118
Restricted for debt service	1,217,374	-
Unrestricted	<u>2,965,842</u>	<u>152,185</u>
	<u>\$ 9,864,338</u>	<u>\$ 549,303</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, 2024**

	<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>
OPERATING REVENUES		
Charges for services	<u>\$ 6,008,657</u>	<u>\$ 3,111</u>
OPERATING EXPENSES		
Water plant operation	808,781	-
Water distribution	554,846	-
Wastewater plant operation	1,076,977	-
Administrative expenses	630,147	-
Mobile equipment operation	-	382,056
Depreciation/amortization expense	<u>1,209,709</u>	<u>168,309</u>
TOTAL OPERATING EXPENSES	<u>4,280,460</u>	<u>550,365</u>
OPERATING INCOME (LOSS)	<u>1,728,197</u>	<u>(547,254)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	33,774	151
Gain on sale of capital assets	-	35,094
Other revenue	74,114	9
Interest and fees expense	<u>(288,223)</u>	<u>(7,397)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(180,335)</u>	<u>27,857</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>1,547,862</u>	<u>(519,397)</u>
TRANSFERS		
Transfers in	-	563,301
Transfers out	<u>(27,043)</u>	<u>-</u>
TOTAL TRANSFERS	<u>(27,043)</u>	<u>563,301</u>
CHANGE IN NET POSITION	1,520,819	43,904
Net position, beginning of year	<u>8,343,519</u>	<u>505,399</u>
Net position, end of year	<u><u>\$ 9,864,338</u></u>	<u><u>\$ 549,303</u></u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

	<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	\$ 5,769,267	\$ 3,120
Cash paid to/for employees	(1,484,279)	(95,521)
Cash paid to suppliers/vendors	<u>(2,236,394)</u>	<u>(281,678)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,048,594</u>	<u>(374,079)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt (payment) of interfund balances	<u>(23,402)</u>	<u>630,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(657,765)	(69,962)
Principal paid on long-term debt	(736,200)	(114,689)
Proceeds from sale of assets	-	54,545
Interest and fees paid on long-term debt	<u>(294,364)</u>	<u>(7,074)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,688,329)</u>	<u>(137,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(277,934)	-
Maturity of investments	435,978	-
Interest received	<u>33,774</u>	<u>151</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>191,818</u>	<u>151</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	528,681	118,968
Cash and cash equivalents, beginning of year	<u>3,726,203</u>	<u>4,930</u>
Cash and cash equivalents, end of year	<u>\$ 4,254,884</u>	<u>\$ 123,898</u>
Classification on the Statement of Net Position		
Cash and cash equivalents	\$ 2,966,958	\$ 123,898
Restricted cash	<u>1,287,926</u>	<u>-</u>
	<u>\$ 4,254,884</u>	<u>\$ 123,898</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONCLUDED)
 YEAR ENDED JUNE 30, 2024**

	<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 (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,728,197	\$ (547,254)
Cash generated from other revenue	74,114	9
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,209,709	168,309
(Increase) decrease in:		
Accounts receivable, net	(313,504)	-
Inventory	(20,542)	7,128
Prepays	(25)	-
Deferred outflows of resources	218,739	-
Increase (decrease) in:		
Accounts payable	(349,974)	(2,631)
Accrued liabilities	7,631	360
Customer deposits	1,850	-
Compensated absences	1,811	-
Net pension liability	(509,412)	-
	<u>\$ 2,048,594</u>	<u>\$ (374,079)</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>Custodial Fund</u>
	<u>Current Tax Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 7,370</u>
LIABILITIES	
Due to other governmental units	<u>7,370</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, 2024**

	Custodial Fund
	Current Tax Fund
ADDITIONS	
Collections for other governmental units	\$ 8,215,039
DEDUCTIONS	
Distributions to other governmental units	8,215,039
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, 2024**

	<u>Downtown Development Authority</u>	<u>Principal Shopping District</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 89,486	\$ 54,746	\$ 740,642	\$ 884,874
Due from other governmental units	<u>-</u>	<u>-</u>	<u>26,978</u>	<u>26,978</u>
TOTAL ASSETS	<u>89,486</u>	<u>54,746</u>	<u>767,620</u>	<u>911,852</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	1,205	-	1,205
Accrued liabilities	<u>1,042</u>	<u>1,042</u>	<u>-</u>	<u>2,084</u>
TOTAL LIABILITIES	<u>1,042</u>	<u>2,247</u>	<u>-</u>	<u>3,289</u>
NET POSITION				
Unrestricted	<u>\$ 88,444</u>	<u>\$ 52,499</u>	<u>\$ 767,620</u>	<u>\$ 908,563</u>

See accompanying notes to the financial statements.

**CITY OF ST. JOHNS
COMPONENT UNITS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

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	\$ 46,653	\$ 10,000	\$ (36,653)	\$ -	\$ -	\$ (36,653)
Principal shopping district	62,397	95,497	-	33,100	-	33,100
Local development finance authority	12,852	-	-	-	(12,852)	(12,852)
Total	\$ 121,902	\$ 105,497	(36,653)	33,100	(12,852)	(16,405)
General revenues						
Property taxes			35,015	-	275,877	310,892
Investment earnings			255	190	1,810	2,255
Total general revenues			35,270	190	277,687	313,147
Change in net position			(1,383)	33,290	264,835	296,742
Net position, beginning of the year			89,827	19,209	502,785	611,821
Net position, end of the year			\$ 88,444	\$ 52,499	\$ 767,620	\$ 908,563

See accompanying notes to the financial statements.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

Discretely Presented Component Units

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (concluded)

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

Joint Venture

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

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

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

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 \$441,225 as of the year ended March 31, 2024, the most recent financial statements available, as calculated based on the formation agreement. CAASA's government-wide total assets at March 31, 2024, were \$1,726,563 and total liabilities were \$305,164, which resulted in net position of \$1,421,399.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Venture (concluded)

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, 2024, the City had contributed approximately 31.04% of the total contributions. Therefore, their proportionate share of the net position of CAASA at March 31, 2024, has been recorded in the government-wide financial statements of the City for the fiscal year ended June 30, 2024.

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.

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.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (concluded)

FUND FINANCIAL STATEMENTS (concluded)

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 *Wilson Center Fund* accounts for the construction of the Wilson Center project from the issuance of bonds.

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

The *Custodial Fund* accounts 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.

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.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus (concluded)

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

Basis of Accounting

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

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

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

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

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

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

Cash, Cash Equivalents, and Investments

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

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments (concluded)

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

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

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

Receivables

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

Due from Other Governmental Units

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

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

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

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

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

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

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

Inventories

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

Prepays

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNIT

Capital assets are recorded (net of accumulated depreciation/amortization, if applicable) in the government-wide financial statements and proprietary fund types. Capital assets are those with an initial individual cost of \$10,000 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/amortized. 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	20-50 years
Vehicles	5-10 years
Furniture and equipment	3-15 years
Equipment - right to use	2-5 years
Drainage flowage rights	25-50 years
Infrastructure	25-50 years
Water system	5-50 years
Sewer system	5-50 years

Unearned Revenue

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

Compensated Absences

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

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from debt proceeds received, are reported as expenses.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Obligations (concluded)

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Pension Liability

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

Deferred Outflows/Inflows of Resources

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

The City reports deferred outflows of resources and deferred inflows of resources, when applicable, which correspond to the City's net pension liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions subsequent to the measurement date. 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, 2024, the City levied 9.8103 mills per \$1,000 of assessed valuation for general operations, 3.0000 mills for streets and sidewalks, 0.7000 mills for solid waste, and 0.1848 mills for economic development. The total ad valorem and special acts taxable value for the 2023 levy for property within the City was \$286,223,056.

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 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits and investments referred to below have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2024:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 8,178,924	\$ 884,874	\$ 7,370	\$ 9,071,168
Cash - restricted	1,287,926	-	-	1,287,926
Investments - current	545,362	-	-	545,362
Investments - noncurrent	888,340	-	-	888,340
	<u>\$ 10,900,552</u>	<u>\$ 884,874</u>	<u>\$ 7,370</u>	<u>\$ 11,792,796</u>

As of June 30, 2024, the City had cash, cash equivalents, and investments summarized by the following categorization:

Deposits	
Checking	\$ 7,734,640
Certificates of deposit	1,433,702
Petty cash	1,400
Investments	<u>2,623,054</u>
	<u>\$ 11,792,796</u>

As of June 30, 2024, 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, 2024, \$8,611,246 of the City's bank balance of \$9,555,201 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Interest Rate Risk

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

As of June 30, 2024, the primary government had the following investments containing interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan CLASS Investment Pool	\$ 2,623,054	0.0822

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)

Credit Risk

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

As of June 30, 2024, the primary government had the following investments containing credit risk:

Investment Type	Fair Value	Standard & Poor's Rating
Michigan CLASS Investment Pool	\$ 2,623,054	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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 2,623,054	\$ -	No restrictions	None

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2024, are as follows:

	Due From Other Funds					Total
	Governmental			Business-type		
	General Fund	Major Street Fund	Nonmajor Governmental Funds	Internal Service Fund	Water and Sewer Fund	
Due To Other Funds						
Governmental						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 173,826	\$ 173,826
Major Street Fund	2,318	-	-	-	-	2,318
Nonmajor governmental funds	4,978	10,370	50,649	-	-	65,997
Internal service fund	694	-	-	-	-	694
Business-type						
Water and Sewer Fund	124,218	-	-	30,000	-	154,218
Total	<u>\$ 132,208</u>	<u>\$ 10,370</u>	<u>\$ 50,649</u>	<u>\$ 30,000</u>	<u>\$ 173,826</u>	<u>\$ 397,053</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.

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers In				Total
	Governmental			Internal Service Fund	
	General Fund	Major Street Fund	Nonmajor Governmental Funds		
Transfers Out					
Governmental					
General Fund	\$ -	\$ 136,339	\$ 87,853	\$ 89,595	\$ 313,787
Major Street Fund	-	-	169,525	320,265	489,790
Wilson Center Fund	280,433	-	-	-	280,433
Nonmajor governmental funds	-	168,803	259,927	153,441	582,171
Business-type					
Water and Sewer Fund	-	-	27,043	-	27,043
Total	<u>\$ 280,433</u>	<u>\$ 305,142</u>	<u>\$ 544,348</u>	<u>\$ 563,301</u>	<u>\$ 1,693,224</u>

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

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Primary Government

	Balance July 1, 2023	Additions	Deletions	Reclassifications	Balance June 30, 2024
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 1,301,113	\$ -	\$ -	\$ -	\$ 1,301,113
Construction in progress	310,046	998,872	-	(384,572)	924,346
Total capital assets not being depreciated	1,611,159	998,872	-	(384,572)	2,225,459
Capital assets, being depreciated/amortized					
Land improvements	1,734,456	315,284	-	-	2,049,740
Buildings and improvements	3,373,952	11,291	-	-	3,385,243
Vehicles	3,847,480	89,008	(256,673)	-	3,679,815
Furniture	382,711	122,165	(19,103)	-	485,773
Equipment - right to use	49,861	153,297	-	-	203,158
Drainage flowage rights	529,268	15,007	-	-	544,275
Infrastructure	15,128,458	468,794	-	384,572	15,981,824
Subtotal	25,046,186	1,174,846	(275,776)	384,572	26,329,828
Less accumulated depreciation/amortization for:					
Land improvements	(1,214,006)	(72,739)	-	-	(1,286,745)
Buildings and improvements	(1,670,294)	(105,892)	-	-	(1,776,186)
Vehicles	(2,068,675)	(299,904)	237,222	-	(2,131,357)
Furniture	(241,664)	(33,092)	19,103	-	(255,653)
Equipment - right to use	(49,861)	(22,995)	-	-	(72,856)
Drainage flowage rights	(166,578)	(11,236)	-	-	(177,814)
Infrastructure	(6,897,052)	(669,880)	-	-	(7,566,932)
Subtotal	(12,308,130)	(1,215,738)	256,325	-	(13,267,543)
Net capital assets being depreciated/amortized	12,738,056	(40,892)	(19,451)	384,572	13,062,285
Capital assets, net	<u>\$ 14,349,215</u>	<u>\$ 957,980</u>	<u>\$ (19,451)</u>	<u>\$ -</u>	<u>\$ 15,287,744</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (concluded)

Primary Government (concluded)

	Balance July 1, 2023	Additions	Deletions	Reclassifications	Balance June 30, 2024
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 169,161	\$ -	\$ -	\$ -	\$ 169,161
Construction in progress	47,540	70,249	-	(99,596)	18,193
Total capital assets not being depreciated	216,701	70,249	-	(99,596)	187,354
Capital assets, being depreciated					
Water system	7,656,439	221,159	-	99,596	7,977,194
Sewer system	29,733,308	187,029	-	-	29,920,337
Equipment	1,509,783	179,328	-	-	1,689,111
Subtotal	38,899,530	587,516	-	99,596	39,586,642
Less accumulated depreciation for:					
Water system	(4,488,799)	(204,351)	-	-	(4,693,150)
Sewer system	(18,695,863)	(858,080)	-	-	(19,553,943)
Equipment	(874,266)	(147,278)	-	-	(1,021,544)
Subtotal	(24,058,928)	(1,209,709)	-	-	(25,268,637)
Net capital assets being depreciated	14,840,602	(622,193)	-	99,596	14,318,005
Capital assets, net	<u>\$ 15,057,303</u>	<u>\$ (551,944)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,505,359</u>

Depreciation/amortization expense was charged to the following functions:

	Governmental Activities	Business-type Activities
General government	\$ 63,845	\$ -
Public safety	223,261	-
Public works	849,866	-
Recreation and culture	78,766	-
Water and Sewer	-	1,209,709
Total depreciation/amortization expense	<u>\$ 1,215,738</u>	<u>\$ 1,209,709</u>

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

NOTE 6 - LONG-TERM OBLIGATIONS

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
General obligation bonds					
2017 Refunding Bonds	\$ 141,000	\$ -	\$ (141,000)	\$ -	\$ -
2024 General Obligation Bonds	-	3,000,000	-	3,000,000	-
Bond premiums	-	93,899	-	93,899	6,260
Direct borrowing and direct placements					
Installment purchase agreements					
Pumper	655,864	-	(54,907)	600,957	57,043
Fire truck	222,095	-	(24,853)	197,242	25,617
Dump truck	81,868	-	(32,198)	49,670	32,927
Street sweeper	182,699	-	(23,733)	158,966	24,488
Lease payable	-	153,297	(33,905)	119,392	27,577
Compensated absences	196,797	84,846	(66,319)	215,324	163,165
Total governmental activities	<u>1,480,323</u>	<u>3,332,042</u>	<u>(376,915)</u>	<u>4,435,450</u>	<u>337,077</u>
Business-type activities					
General Obligation Bonds					
2013 Refunding Revenue Bonds	1,420,000	-	(250,000)	1,170,000	300,000
2016 Refunding Revenue Bonds	5,210,000	-	(325,000)	4,885,000	290,000
2019 Revenue Bonds	2,785,000	-	(125,000)	2,660,000	130,000
Direct borrowing and direct placements					
Installment purchase agreement					
Vactor truck	279,043	-	(36,200)	242,843	37,350
Compensated absences	89,811	33,549	(31,738)	91,622	65,820
Total business-type activities	<u>9,783,854</u>	<u>33,549</u>	<u>(767,938)</u>	<u>9,049,465</u>	<u>823,170</u>
Total reporting entity	<u>\$ 11,264,177</u>	<u>\$ 3,365,591</u>	<u>\$ (1,144,853)</u>	<u>\$ 13,484,915</u>	<u>\$ 1,160,247</u>

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

Primary Government

Governmental Activities

\$3,000,000 Limited Tax General Obligation Bonds dated June 25, 2024, due in annual installments ranging from \$130,000 to \$265,000 from October 1, 2025 through October 1, 2039, with interest ranging from 4.00% to 4.50%, payable semi-annually.

\$ 3,000,000

Plus bond premium on 2024 General Obligation Bonds

93,899

\$ 3,093,899

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Governmental Activities (concluded)

\$655,864 Installment purchase agreement dated July 10, 2022, due in annual payments of \$80,420 through July 10, 2032, including interest of 3.89%. This installment purchase agreement was for the purchase of a pumper tanker fire truck. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redelivery of any and all equipment and collateral. \$ 600,957

\$376,615 Installment purchase agreement dated November 19, 2015, due in annual payments of \$31,833 through November 1, 2030, including interest of 3.10%. This installment purchase agreement was for the purchase of a pumper tanker fire truck. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redelivery of any and all equipment and collateral. 197,242

\$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. 49,670

\$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. 158,966

\$153,297 Lease payable dated October 9, 2023, is for a period expiring May 14, 2029. Annual payments 33,905, including interest of 5.289%. The lease agreement is for the right to use a wheel loader. The agreement contain provisions that in an event of default the City will immediately return all equipment. 119,392

\$ 1,126,227

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Business-type Activities

\$2,845,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 16, 2013, due in annual installments ranging from \$285,000 to \$300,000 through October 1, 2027, with interest of 3.15%, payable semi-annually.	\$ 1,170,000
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\$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.	4,885,000
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\$3,130,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds dated August 27, 2019, due in annual installments ranging from \$130,000 to \$210,000 through October 1, 2039, with interest of 3.39%, payable semi-annually.	2,660,000
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	<u>\$ 8,715,000</u>
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\$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.	<u>\$ 242,843</u>
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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, 2024, the dollar amount of these vested rights, including related payroll taxes, amounted to \$306,946. Of this amount, \$215,324 and \$91,622 are shown as accrued liabilities within the government-wide financial statements' governmental and business-type activities, respectively, in accordance with criteria disclosed in Note 1. All City departments and funds with employees liquidate vacation and normal sick leave as a direct payout. These liabilities are expected to be liquidated primarily by the General Fund and Water and Sewer Fund.

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

NOTE 6 - LONG-TERM OBLIGATIONS (concluded)

Primary Government (concluded)

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

	Governmental Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 94,846	\$ 167,652	\$ 41,915
2026	130,000	121,113	156,748	35,888
2027	155,000	115,413	145,485	30,221
2028	160,000	109,113	151,186	24,520
2029	170,000	102,513	123,208	18,593
2030-2034	955,000	403,063	381,948	32,797
2035-2039	1,165,000	187,394	-	-
2040	265,000	5,963	-	-
	<u>\$ 3,000,000</u>	<u>\$ 1,139,418</u>	<u>\$ 1,126,227</u>	<u>\$ 183,934</u>
	Business-type Activities			
	General Obligation Bonds		Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 720,000	\$ 245,711	\$ 37,350	\$ 7,718
2026	735,000	223,982	38,538	6,530
2027	765,000	201,664	39,764	5,304
2028	785,000	178,672	41,028	4,040
2029	825,000	155,572	42,333	2,735
2030-2034	3,715,000	425,715	43,830	1,389
2035-2039	960,000	118,709	-	-
2040	210,000	3,560	-	-
	<u>\$ 8,715,000</u>	<u>\$ 1,553,585</u>	<u>\$ 242,843</u>	<u>\$ 27,716</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Summary of Significant Accounting Policies

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

Benefits Provided

	General	Police/Fire	City Manager	Water/Sewer
Open or closed to new hires	Closed	Closed	Closed	Closed
Benefit multiplier	2.50% multiplier (80% max)	2.50% multiplier (80% max)	2.25% multiplier (80% max)	2.50% multiplier (80% max)
Normal retirement age	60	60	60	60
Vesting	10 years	10 years	10 years	10 years
Early retirement (unreduced)	Age 50 / 25 years of service; Age 55 / 20 years of service	Age 50 / 25 years of service	N/A	Age 50 / 25 years of service; Age 55 / 20 years of service
Early retirement (reduced)	Age 55 / 15 years of service	Age 55 / 15 years of service	Age 50 / 25 years of service; Age 55 / 15 years of service	Age 55 / 15 years of service
Final average compensation (FAC)	3 years	3 years	3 years	3 years
Employer contributions	\$25,992 per month	\$27,931 per month	\$876 per month	\$29,125 per month
Employee contributions	0.00%	0.00%	4.50%	0.00%
RS50% Elected	Yes	Yes	Yes	Yes
Act 88	No	No	No	No

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

At the December 31, 2023, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	3
Active employees	9
	<hr/>
	65
	<hr/> <hr/>

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, 2024, all divisions were closed to new employees. The City had annual employer contributions totaling \$1,137,088, including \$130,000 in voluntary contributions, during the fiscal year ended June 30, 2024.

Payable to the Pension Plan

At June 30, 2024, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2024.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, 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, 2023, 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: 7.18%, net of investment and administrative expense including inflation.

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

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

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

Changes in Assumptions

Change in discount rate from 7.25% to 7.18%.

Changes in Benefits

There were no changes in benefit terms during plan year 2023.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Projected Cash Flows

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Total Allocation Gross Rate of Return</u>	<u>Expected Long-term Real Rate of Return</u>
Global Equity	60.00%	4.38%	2.63%
Global Fixed Income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	<u>1.40%</u>
	<u>100.00%</u>		4.43%
Inflation			<u>2.50%</u>
Assumed investment rate of return			6.93%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return (discount rate)			<u>7.18%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2022	\$ 18,886,562	\$ 11,030,176	\$ 7,856,386
Changes for the year			
Service cost	78,174	-	78,174
Interest on total pension liability	1,321,253	-	1,321,253
Difference between expected and actual experience	98,678	-	98,678
Changes in assumptions	126,410	-	126,410
Contributions - employer	-	1,114,434	(1,114,434)
Contributions - state grant	-	211,808	(211,808)
Net investment income	-	1,253,383	(1,253,383)
Benefit payments, including employee refunds	(1,402,946)	(1,402,946)	-
Administrative expense	-	(25,916)	25,916
Net changes	221,569	1,150,763	(929,194)
Balances at December 31, 2023	\$ 19,108,131	\$ 12,180,939	\$ 6,927,192

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 rate of 7.18%, 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	\$ 8,908,034	\$ 6,927,192	\$ 5,252,310

**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, 2024, the City recognized pension expense of \$877,920. 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	\$ 634,581	\$ -
Contributions subsequent to the measurement date*	633,544	-
Total	\$ 1,268,125	\$ -

* 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, 2025.

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
2025	\$ 116,627
2026	239,930
2027	369,507
2028	(91,483)
	\$ 634,581

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

The City of St. Johns is the sponsor of a defined contribution retirement plan for the sole benefit of its employees. The plan is administered by the Michigan Municipal Employees Retirement System. The plan was established by the City Commission. Plan provisions and contribution requirements can be amended by the City Commission. Non-union employees hired after May 31, 2003, receive 10% of their wages as a contribution to the plan. Union employees hired after July 1, 2007, received 14% of their wages as a contribution to the plan. During the year ended June 30, 2024, 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, 2024, were \$217,166.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RISK MANAGEMENT

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

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

NOTE 10 - LEASE COMMITMENT

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

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

NOTE 11 - 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.

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - TAX ABATEMENTS (concluded)

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, 2024, the City had one entity with tax abatements that exceeded 10% of the total amount abated. That was a Renaissance Zone with 100% property tax reduction for an agricultural processing company allowing for additional investments in equipment, facilities, and employment. The abatement amounted to \$255,264.

The City has the following tax abatements for the year ended June 30, 2024:

	<u>Operating</u>	<u>Streets and Sidewalks</u>	<u>Solid Waste</u>	<u>Economic Development</u>	<u>Total</u>
Renaissance Zone	\$ 182,855	\$ 55,917	\$ 13,047	\$ 3,445	\$ 255,264
Obsolete Property Rehabilitation Act	<u>9,221</u>	<u>2,820</u>	<u>658</u>	<u>174</u>	<u>12,873</u>
	<u>\$ 192,076</u>	<u>\$ 58,737</u>	<u>\$ 13,705</u>	<u>\$ 3,619</u>	<u>\$ 268,137</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 12 - CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets represents the following:

<u>Net Investment in Capital Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 15,287,744	\$ 14,505,359
Less		
Outstanding principal of capital related debt	(4,126,227)	(8,957,843)
Unamortized original issue premiums	(93,899)	-
Plus		
Unspent proceeds from issuance of debt	2,101,708	-
Deferred charges on refunding	-	133,606
Net investment in capital assets	<u>\$ 13,169,326</u>	<u>\$ 5,681,122</u>

NOTE 13 - 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, 2024.

	<u>General</u>	<u>Major Street</u>	<u>Wilson Center</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable					
Prepays	\$ 140,876	\$ -	\$ -	\$ -	\$ 140,876
Restricted					
Streets	-	546,838	-	206,660	753,498
Garbage	-	-	-	230,188	230,188
Drug law enforcement	-	-	-	1,341	1,341
Capital projects	-	-	2,076,708	488,726	2,565,434
Assigned					
Capital purchases - fire	535,500	-	-	-	535,500
Capital purchases - equipment	701,667	-	-	-	701,667
Capital purchases - general	205,024	-	-	-	205,024
Unassigned	1,624,795	-	-	-	1,624,795
TOTAL FUND BALANCES	<u>\$ 3,207,862</u>	<u>\$ 546,838</u>	<u>\$ 2,076,708</u>	<u>\$ 926,915</u>	<u>\$ 6,758,323</u>

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The City of St. Johns is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

CITY OF ST. JOHNS
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (concluded)

- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City of St. Johns is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The City of St. Johns is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 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, 2024**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,640,452	\$ 2,642,352	\$ 2,624,255	\$ (18,097)
Licenses and permits	119,000	119,000	116,937	(2,063)
Intergovernmental	1,905,426	2,161,586	2,048,106	(113,480)
Charges for services	1,058,315	1,068,515	1,031,448	(37,067)
Fines and forfeitures	2,000	5,000	11,980	6,980
Interest and rent	25,081	36,081	40,860	4,779
Other	77,000	133,337	155,403	22,066
TOTAL REVENUES	5,827,274	6,165,871	6,028,989	(136,882)
EXPENDITURES				
Current				
General government				
Legislative	510,702	645,380	637,894	7,486
Administration	1,083,402	1,143,108	1,123,613	19,495
Municipal building	90,000	90,000	88,536	1,464
Total general government	1,684,104	1,878,488	1,850,043	28,445
Public safety				
Police department	1,782,882	1,820,073	1,767,700	52,373
Fire department	253,797	255,077	251,208	3,869
Total public safety	2,036,679	2,075,150	2,018,908	56,242
Public works				
Department of public works	457,597	587,736	499,179	88,557
Health and welfare				
Ambulance	92,376	92,376	92,376	-
Recreation and culture				
Recreation department	194,405	199,600	186,288	13,312
City parks	167,577	169,077	124,002	45,075
Total recreation and culture	361,982	368,677	310,290	58,387
Debt service				
Principal	-	54,907	54,907	-
Interest	-	25,513	25,513	-
Total debt service	-	80,420	80,420	-
Capital outlay	1,315,500	1,038,736	622,262	416,474
TOTAL EXPENDITURES	5,948,238	6,121,583	5,473,478	648,105
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,964)	44,288	555,511	511,223

**CITY OF ST. JOHNS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
YEAR ENDED JUNE 30, 2024**

	<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	\$ -	\$ 280,433	\$ 280,433	\$ -
Transfers out	(105,354)	(335,854)	(313,787)	22,067
Sale of capital assets	30,000	30,000	-	(30,000)
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(75,354)</u>	 <u>(25,421)</u>	 <u>(33,354)</u>	 <u>(7,933)</u>
 Net change in fund balance	 (196,318)	 18,867	 522,157	 503,290
 Fund balance, beginning of year	 <u>2,685,705</u>	 <u>2,685,705</u>	 <u>2,685,705</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 2,489,387</u>	 <u>\$ 2,704,572</u>	 <u>\$ 3,207,862</u>	 <u>\$ 503,290</u>

**CITY OF ST. JOHNS
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			Variances with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
REVENUES				
Intergovernmental	\$ 813,583	\$ 1,119,083	\$ 1,000,016	\$ (119,067)
Investment earnings	-	35	605	570
Other	1,000	1,000	1,155	155
TOTAL REVENUES	<u>814,583</u>	<u>1,120,118</u>	<u>1,001,776</u>	<u>(118,342)</u>
EXPENDITURES				
Current				
Public works				
Street maintenance	468,677	959,358	673,938	285,420
Traffic service maintenance	23,329	41,929	29,053	12,876
Winter maintenance	35,203	35,203	32,780	2,423
Administrative	79,924	79,924	80,098	(174)
TOTAL EXPENDITURES	<u>607,133</u>	<u>1,116,414</u>	<u>815,869</u>	<u>300,545</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>207,450</u>	<u>3,704</u>	<u>185,907</u>	<u>182,203</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	183,056	360,787	305,142	(55,645)
Transfers out	(389,656)	(489,790)	(489,790)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(206,600)</u>	<u>(129,003)</u>	<u>(184,648)</u>	<u>(55,645)</u>
NET CHANGE IN FUND BALANCE	850	(125,299)	1,259	126,558
Fund balance, beginning of year	545,579	545,579	545,579	-
Fund balance, end of year	<u>\$ 546,429</u>	<u>\$ 420,280</u>	<u>\$ 546,838</u>	<u>\$ 126,558</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 78,174	\$ 80,648	\$ 87,947	\$ 89,136	\$ 86,150	\$ 88,334	\$ 94,111	\$ 102,314	\$ 104,868	\$ 102,554
Interest	1,321,253	1,340,993	1,342,772	1,310,216	1,322,437	1,309,890	1,356,935	1,349,463	1,322,685	1,315,290
Difference between expected and actual experience	98,678	(301,872)	148,578	(88,748)	115,202	101,999	(699,069)	(5,998)	73,277	-
Changes of assumptions	126,410	-	626,216	485,592	542,432	-	-	-	685,498	-
Benefit payments including employee refunds	(1,402,946)	(1,378,682)	(1,368,218)	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Net change in total pension liability	221,569	(258,913)	837,295	429,926	715,521	166,268	(588,302)	89,500	843,976	101,462
Total pension liability, beginning	18,886,562	\$ 19,145,475	18,308,180	17,878,254	17,162,733	16,996,465	17,584,767	17,495,267	16,651,291	16,549,829
Total pension liability, ending	<u>\$ 19,108,131</u>	<u>\$ 18,886,562</u>	<u>\$ 19,145,475</u>	<u>\$ 18,308,180</u>	<u>\$ 17,878,254</u>	<u>\$ 17,162,733</u>	<u>\$ 16,996,465</u>	<u>\$ 17,584,767</u>	<u>\$ 17,495,267</u>	<u>\$ 16,651,291</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,114,434	\$ 1,533,390	\$ 1,763,964	\$ 1,009,906	\$ 1,518,342	\$ 1,407,512	\$ 1,077,978	\$ 762,754	\$ 702,800	\$ 663,817
Contributions - employee	-	-	-	-	-	-	-	3,938	4,095	4,054
Contributions - state grant	211,808	-	-	-	-	-	-	-	-	-
Net investment income (loss)	1,253,383	(1,384,336)	1,481,025	1,347,170	1,151,920	(356,262)	1,051,371	851,897	(120,666)	533,601
Benefit payments including employee refunds	(1,402,946)	(1,378,682)	(1,368,218)	(1,366,270)	(1,350,700)	(1,333,955)	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Administrative expense	(25,916)	(22,968)	(17,502)	(19,425)	(19,818)	(17,035)	(16,672)	(16,847)	(18,062)	(19,451)
Other	-	(349,597)	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,150,763	(1,602,193)	1,859,269	971,381	1,299,744	(299,740)	772,398	245,463	(774,185)	(134,361)
Plan fiduciary net position, beginning	11,030,176	\$ 12,632,369	10,773,100	9,801,719	8,501,975	8,801,715	8,029,317	7,783,854	8,558,039	8,692,400
Plan fiduciary net position, ending	<u>\$ 12,180,939</u>	<u>\$ 11,030,176</u>	<u>\$ 12,632,369</u>	<u>\$ 10,773,100</u>	<u>\$ 9,801,719</u>	<u>\$ 8,501,975</u>	<u>\$ 8,801,715</u>	<u>\$ 8,029,317</u>	<u>\$ 7,783,854</u>	<u>\$ 8,558,039</u>
City's net pension liability	<u>\$ 6,927,192</u>	<u>\$ 7,856,386</u>	<u>\$ 6,513,106</u>	<u>\$ 7,535,080</u>	<u>\$ 8,076,535</u>	<u>\$ 8,660,758</u>	<u>\$ 8,194,750</u>	<u>\$ 9,555,450</u>	<u>\$ 9,711,413</u>	<u>\$ 8,093,252</u>
Plan fiduciary net position as a percentage of the total pension liability	64%	58%	66%	59%	55%	50%	52%	46%	44%	51%
Covered payroll	\$ 638,452	\$ 668,649	\$ 797,343	\$ 762,818	\$ 734,094	\$ 751,578	\$ 801,333	\$ 865,538	\$ 889,705	\$ 870,041
City's net pension liability as a percentage of covered payroll	1085%	1175%	817%	988%	1100%	1152%	1023%	1104%	1092%	930%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions ⁽¹⁾	\$ 1,007,008	\$ 1,226,480	\$ 1,200,600	\$ 1,037,328	\$ 962,484	\$ 987,300	\$ 844,980	\$ 762,754	\$ 702,800	\$ 663,817
Contributions in relation to the actuarially determined contribution	<u>1,137,008</u>	<u>1,539,280</u>	<u>1,518,100</u>	<u>1,354,828</u>	<u>1,379,984</u>	<u>1,520,012</u>	<u>1,077,978</u>	<u>762,754</u>	<u>702,800</u>	<u>663,817</u>
Contribution deficiency (excess)	<u>\$ (130,000)</u>	<u>\$ (312,800)</u>	<u>\$ (317,500)</u>	<u>\$ (317,500)</u>	<u>\$ (417,500)</u>	<u>\$ (532,712)</u>	<u>\$ (232,998)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 690,530	\$ 767,291	\$ 812,276	\$ 766,472	\$ 766,778	\$ 765,340	\$ 803,255	\$ 870,370	\$ 877,622	\$ 879,873
Contributions as a percentage of covered payroll	165%	201%	187%	177%	180%	199%	134%	88%	80%	75%

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

CITY OF ST. JOHNS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - MICHIGAN EMPLOYEES' RETIREMENT SYSTEM

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2023
Measurement date	December 31, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll
Remaining amortization period	11 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Discount rate	7.18%
Salary increases	3.00% plus merit and longevity, 3.00% in the long-term
Long-term expected rate of return	7.18%, 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 2023.
Changes in assumptions	Change in discount rate from 7.25% to 7.18%

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, 2024, 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>
Drug Law Enforcement Fund			
Public safety	\$ -	\$ 611	\$ 611

OTHER SUPPLEMENTARY INFORMATION

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

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

The *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 *Street Millage III 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, 2024**

	Special Revenue			Debt Service Capital	Capital Projects			Total
	Local Street	Garbage	Drug Law Enforcement	Improvement Bonds	Fantasy Forest	Street Millage III	Revolving Special Assessment	
ASSETS								
Cash and cash equivalents	\$ 117,200	\$ 235,278	\$ 1,341	\$ -	\$ 59,200	\$ 478,663	\$ 18,101	\$ 909,783
Special assessments receivable	-	-	-	-	-	-	3,950	3,950
Due from other governmental units	47,041	-	-	-	-	-	-	47,041
Due from other funds	50,649	-	-	-	-	-	-	50,649
TOTAL ASSETS	\$ 214,890	\$ 235,278	\$ 1,341	\$ -	\$ 59,200	\$ 478,663	\$ 22,051	\$ 1,011,423
LIABILITIES, DEFERRED INFLOWS OF RESOURACES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 5,316	\$ -	\$ -	\$ -	\$ 6,219	\$ -	\$ -	\$ 11,535
Accrued liabilities	1,740	1,286	-	-	-	-	-	3,026
Due to other funds	1,174	3,804	-	-	-	61,019	-	65,997
TOTAL LIABILITIES	8,230	5,090	-	-	6,219	61,019	-	80,558
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	3,950	3,950
FUND BALANCES								
Restricted	206,660	230,188	1,341	-	52,981	417,644	18,101	926,915
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 214,890	\$ 235,278	\$ 1,341	\$ -	\$ 59,200	\$ 478,663	\$ 22,051	\$ 1,011,423

**CITY OF ST. JOHNS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	Special Revenue			Debt Service	Capital Projects			Total
	Local Street	Garbage	Drug Law Enforcement	Capital Improvement Bonds	Fantasy Forest	Street Millage III	Revolving Special Assessment	
REVENUES								
Taxes	\$ -	\$ 189,112	\$ -	\$ -	\$ -	\$ 802,221	\$ -	\$ 991,333
Special assessments	-	-	-	-	-	-	2,252	2,252
Intergovernmental	293,402	9,088	-	-	-	44,153	-	346,643
Charges for services	-	575,125	-	-	-	-	-	575,125
Investment earnings	24	1,392	3	-	16	-	44	1,479
Other	860	2,136	-	-	-	-	-	2,996
TOTAL REVENUES	294,286	776,853	3	-	16	846,374	2,296	1,919,828
EXPENDITURES								
Current								
Public safety	-	-	611	-	-	-	-	611
Public works	579,401	615,933	-	-	-	-	-	1,195,334
Recreation and culture	-	-	-	-	28,147	-	-	28,147
Debt service	-	-	-	143,089	-	-	-	143,089
TOTAL EXPENDITURES	579,401	615,933	611	143,089	28,147	-	-	1,367,181
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(285,115)	160,920	(608)	(143,089)	(28,131)	846,374	2,296	552,647
OTHER FINANCING SOURCES (USES)								
Transfers in	326,927	-	-	142,421	75,000	-	-	544,348
Transfers out	-	(153,441)	-	-	-	(428,730)	-	(582,171)
TOTAL OTHER FINANCING SOURCES (USES)	326,927	(153,441)	-	142,421	75,000	(428,730)	-	(37,823)
NET CHANGE IN FUND BALANCES	41,812	7,479	(608)	(668)	46,869	417,644	2,296	514,824
Fund balances, beginning of year	164,848	222,709	1,949	668	6,112	-	15,805	412,091
Fund balances, end of year	\$ 206,660	\$ 230,188	\$ 1,341	\$ -	\$ 52,981	\$ 417,644	\$ 18,101	\$ 926,915

**CITY OF ST. JOHNS
LOCAL STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 294,925	\$ 294,925	\$ 293,402	\$ (1,523)
Investment earnings	-	-	24	24
Other	1,000	1,000	860	(140)
TOTAL REVENUES	<u>295,925</u>	<u>295,925</u>	<u>294,286</u>	<u>(1,639)</u>
EXPENDITURES				
Current				
Public works				
Street maintenance	622,391	653,633	441,893	211,740
Traffic service maintenance	13,373	24,937	18,179	6,758
Winter maintenance	32,907	32,907	18,388	14,519
Administrative	109,273	109,273	100,941	8,332
TOTAL EXPENDITURES	<u>777,944</u>	<u>820,750</u>	<u>579,401</u>	<u>241,349</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(482,019)</u>	<u>(524,825)</u>	<u>(285,115)</u>	<u>(242,988)</u>
OTHER FINANCING SOURCES				
Transfers in	482,906	482,906	326,927	(155,979)
NET CHANGE IN FUND BALANCE	887	(41,919)	41,812	83,731
Fund balance, beginning of year	164,848	164,848	164,848	-
Fund balance, end of year	<u>\$ 165,735</u>	<u>\$ 122,929</u>	<u>\$ 206,660</u>	<u>\$ 83,731</u>

**CITY OF ST. JOHNS
GARBAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 190,408	\$ 190,433	\$ 189,112	\$ (1,321)
Intergovernmental	3,500	4,500	9,088	4,588
Charges for services	574,910	574,910	575,125	215
Investment earnings	-	125	1,392	1,267
Other	1,000	1,150	2,136	986
TOTAL REVENUES	<u>769,818</u>	<u>771,118</u>	<u>776,853</u>	<u>5,735</u>
EXPENDITURES				
Current				
Public works	<u>625,962</u>	<u>650,057</u>	<u>615,933</u>	<u>34,124</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>143,856</u>	<u>121,061</u>	<u>160,920</u>	<u>(28,389)</u>
OTHER FINANCING (USES)				
Transfers out	<u>(143,408)</u>	<u>(168,442)</u>	<u>(153,441)</u>	<u>15,001</u>
NET CHANGE IN FUND BALANCE	448	(47,381)	7,479	54,860
Fund balance, beginning of year	<u>222,709</u>	<u>222,709</u>	<u>222,709</u>	<u>-</u>
Fund balance, end of year	<u>\$ 223,157</u>	<u>\$ 175,328</u>	<u>\$ 230,188</u>	<u>\$ 54,860</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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
EXPENDITURES				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>611</u>	<u>(611)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(608)</u>	<u>(608)</u>
Fund balance, beginning of year	<u>1,949</u>	<u>1,949</u>	<u>1,949</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,949</u></u>	<u><u>\$ 1,949</u></u>	<u><u>\$ 1,341</u></u>	<u><u>\$ (608)</u></u>

CITY OF ST. JOHNS
CAPITAL IMPROVEMENT BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	<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	141,000	141,000	141,000	-
Interest	<u>2,089</u>	<u>2,089</u>	<u>2,089</u>	<u>-</u>
TOTAL EXPENDITURES	<u>143,089</u>	<u>143,089</u>	<u>143,089</u>	<u>-</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(143,089)</u>	<u>(143,089)</u>	<u>(143,089)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in	<u>143,089</u>	<u>143,089</u>	<u>142,421</u>	<u>(668)</u>
NET CHANGE IN FUND BALANCE	-	-	(668)	(668)
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>\$ -</u>	<u>\$ (668)</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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 16	\$ 16
EXPENDITURES	-	75,000	28,147	46,853
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(75,000)	(28,131)	46,869
OTHER FINANCING SOURCES				
Transfers in	-	75,000	75,000	-
NET CHANGE IN FUND BALANCE	-	-	46,869	46,869
Fund balance, beginning of year	6,112	6,112	6,112	-
Fund balance, end of year	<u>\$ 6,112</u>	<u>\$ 6,112</u>	<u>\$ 52,981</u>	<u>\$ 46,869</u>

**CITY OF ST. JOHNS
WILSON CENTER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES	\$ -	\$ -	\$ 1,271	\$ 1,271
EXPENDITURES				
Current				
Recreation and culture	-	717,000	648,584	68,416
Debt service				
Bond issuance costs	-	118,295	89,445	28,850
TOTAL EXPENDITURES	-	835,295	738,029	97,266
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(835,295)	(736,758)	98,537
OTHER FINANCING (USES)				
Transfers out	-	(280,433)	(280,433)	-
Issuance of debt	-	3,000,000	3,000,000	-
Premium related to issuance of debt	-	93,899	93,899	-
TOTAL OTHER FINANCING SOURCES	-	2,813,466	2,813,466	-
NET CHANGE IN FUND BALANCE	-	1,978,171	2,076,708	98,537
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 1,978,171	\$ 2,076,708	\$ 98,537

**CITY OF ST. JOHNS
STREET MILLAGE III CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes	\$ 811,818	\$ 811,818	\$ 802,221	\$ (9,597)
Intergovernmental	-	31,000	44,153	13,153
TOTAL REVENUES	<u>811,818</u>	<u>842,818</u>	<u>846,374</u>	<u>3,556</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	811,818	842,818	846,374	3,556
OTHER FINANCING (USES)				
Transfers out	<u>(598,962)</u>	<u>(598,962)</u>	<u>(428,730)</u>	<u>170,232</u>
NET CHANGE IN FUND BALANCE	212,856	243,856	417,644	173,788
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 212,856</u>	<u>\$ 243,856</u>	<u>\$ 417,644</u>	<u>\$ 173,788</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, 2024

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Special assessments	\$ 2,250	\$ 2,250	\$ 2,252	\$ 2
Investment earnings	-	-	44	44
TOTAL REVENUES	<u>2,250</u>	<u>2,250</u>	<u>2,296</u>	<u>46</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,250	2,250	2,296	46
Fund balance, beginning of year	<u>15,805</u>	<u>15,805</u>	<u>15,805</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,055</u>	<u>\$ 18,055</u>	<u>\$ 18,101</u>	<u>\$ 46</u>

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 BALANCE SHEETS
 JUNE 30, 2024**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
ASSETS				
Cash and cash equivalents	\$ 89,486	\$ 54,746	\$ 740,642	\$ 884,874
Due from other governmental units	-	-	26,978	26,978
TOTAL ASSETS	<u>\$ 89,486</u>	<u>\$ 54,746</u>	<u>\$ 767,620</u>	<u>\$ 911,852</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 1,205	\$ -	\$ 1,205
Accrued liabilities	1,042	1,042	-	2,084
TOTAL LIABILITIES	<u>1,042</u>	<u>2,247</u>	<u>-</u>	<u>3,289</u>
FUND BALANCES				
Unassigned	88,444	52,499	767,620	908,563
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 89,486</u>	<u>\$ 54,746</u>	<u>\$ 767,620</u>	<u>\$ 911,852</u>

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, 2024.

**CITY OF ST. JOHNS
 COMPONENT UNIT FUNDS
 SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2024**

	Downtown Development Authority	Principal Shopping District	Local Development Finance Authority	Total
REVENUES				
Taxes	\$ 35,015	\$ -	\$ 275,877	\$ 310,892
Intergovernmental	10,000	-	-	10,000
Investment earnings	255	190	1,810	2,255
Other	-	95,497	-	95,497
TOTAL REVENUES	45,270	95,687	277,687	418,644
EXPENDITURES				
Current				
Community and economic development	46,653	62,397	12,852	121,902
NET CHANGE IN FUND BALANCES	(1,383)	33,290	264,835	296,742
Fund balances, beginning of year	89,827	19,209	502,785	611,821
Fund balances, end of year	<u>\$ 88,444</u>	<u>\$ 52,499</u>	<u>\$ 767,620</u>	<u>\$ 908,563</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, 2024.

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>	94-100
These schedules contain trend information to help the reader understand how the City's financial performance has changed.	
<u>Revenue Capacity</u>	101-104
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	105-109
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>	110-111
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>	112-114
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)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment										
in capital assets	\$ 6,713,405	\$ 8,036,749	\$ 8,517,535	\$ 9,347,297	\$ 10,113,212	\$ 10,883,269	\$ 12,162,680	\$ 12,952,539	\$ 13,065,689	\$ 13,169,326
Restricted	1,243,761	731,998	689,664	866,424	1,040,645	1,145,645	732,107	847,922	957,002	3,550,461
Unrestricted (deficit)	(3,222,810)	(3,533,847)	(3,894,379)	(3,442,469)	(3,206,153)	(2,884,923)	(2,120,565)	(1,436,353)	(905,157)	(2,247,052)
Total governmental activities net position	<u>\$ 4,734,356</u>	<u>\$ 5,234,900</u>	<u>\$ 5,312,820</u>	<u>\$ 6,771,252</u>	<u>\$ 7,947,704</u>	<u>\$ 9,143,991</u>	<u>\$ 10,774,222</u>	<u>\$ 12,364,108</u>	<u>\$ 13,117,534</u>	<u>\$ 14,472,735</u>
Business-type activities										
Net investment										
in capital assets	\$ 5,443,887	\$ 5,383,065	\$ 5,167,990	\$ 4,909,221	\$ 4,874,133	\$ 4,272,845	\$ 4,937,040	\$ 4,805,158	\$ 5,515,516	\$ 5,681,122
Restricted	1,267,273	1,273,055	1,495,705	1,297,632	1,099,042	1,166,811	1,173,176	918,621	1,196,056	1,217,374
Unrestricted (deficit)	(316,146)	(853,900)	(1,267,218)	(623,091)	(627,322)	77,476	376,007	1,667,794	1,631,947	2,965,842
Total business-type activities net position	<u>\$ 6,395,014</u>	<u>\$ 5,802,220</u>	<u>\$ 5,396,477</u>	<u>\$ 5,583,762</u>	<u>\$ 5,345,853</u>	<u>\$ 5,517,132</u>	<u>\$ 6,486,223</u>	<u>\$ 7,391,573</u>	<u>\$ 8,343,519</u>	<u>\$ 9,864,338</u>
Primary government										
Net investment										
in capital assets	\$ 12,157,292	\$ 13,419,814	\$ 13,685,525	\$ 14,256,518	\$ 14,987,345	\$ 15,156,114	\$ 17,099,720	\$ 17,757,697	\$ 18,581,205	\$ 18,850,448
Restricted	2,511,034	2,005,053	2,185,369	2,164,056	2,139,687	2,312,456	1,905,283	1,766,543	2,153,058	4,767,835
Unrestricted	(3,538,956)	(4,387,747)	(5,161,597)	(4,065,560)	(3,833,475)	(2,807,447)	(1,744,558)	231,441	726,790	718,790
Total primary government net position	<u>\$ 11,129,370</u>	<u>\$ 11,037,120</u>	<u>\$ 10,709,297</u>	<u>\$ 12,355,014</u>	<u>\$ 13,293,557</u>	<u>\$ 14,661,123</u>	<u>\$ 17,260,445</u>	<u>\$ 19,755,681</u>	<u>\$ 21,461,053</u>	<u>\$ 24,337,073</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.

Note: The City implemented GASB Statement No. 96 during fiscal year 2023.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
EXPENSES										
Governmental activities										
General government	\$ 1,215,504	\$ 1,640,111	\$ 1,626,729	\$ 1,370,917	\$ 1,849,522	\$ 2,091,111	\$ 1,700,922	\$ 1,486,890	\$ 1,996,375	\$ 1,868,990
Public safety	1,465,663	1,734,544	1,777,613	1,367,562	1,324,342	1,557,120	1,732,836	1,853,281	2,073,002	2,156,969
Public works	1,987,632	2,137,325	2,103,309	1,972,143	2,142,768	2,241,780	2,229,720	2,604,215	2,392,896	2,477,106
Health and welfare	23,595	39,608	54,630	33,743	54,758	55,428	47,190	47,802	140,382	92,376
Recreation and culture	909,829	772,324	748,442	319,239	458,453	380,473	347,816	352,623	397,141	1,093,200
Interest on long-term debt	101,805	82,107	67,377	78,603	5,728	22,759	21,616	15,908	11,303	32,165
Total governmental activities expenses	<u>5,704,028</u>	<u>6,406,019</u>	<u>6,378,100</u>	<u>5,142,207</u>	<u>5,835,571</u>	<u>6,348,671</u>	<u>6,080,100</u>	<u>6,360,719</u>	<u>7,011,099</u>	<u>7,720,806</u>
Business-type activities										
Water and sewer	<u>3,784,439</u>	<u>4,059,601</u>	<u>4,219,907</u>	<u>3,680,513</u>	<u>4,367,430</u>	<u>4,233,135</u>	<u>4,373,400</u>	<u>4,860,679</u>	<u>4,981,796</u>	<u>4,568,683</u>
Total primary government expenses	<u>\$ 9,488,467</u>	<u>\$ 10,465,620</u>	<u>\$ 10,598,007</u>	<u>\$ 8,822,720</u>	<u>\$ 10,203,001</u>	<u>\$ 10,581,806</u>	<u>\$ 10,453,500</u>	<u>\$ 11,221,398</u>	<u>\$ 11,992,895</u>	<u>\$ 12,289,489</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PROGRAM REVENUE										
Governmental activities										
Charges for services										
General government	\$ 249,347	\$ 181,187	\$ 186,006	\$ 222,210	\$ 261,934	\$ 245,849	\$ 250,597	\$ 258,805	\$ 146,815	\$ 317,740
Public safety	77,899	101,458	92,218	122,208	120,259	117,009	119,999	115,443	147,527	120,731
Public works	1,319,356	1,354,647	1,372,273	1,026,859	1,310,660	1,300,070	1,290,936	1,323,900	1,482,850	1,367,642
Health and welfare	83,410	87,554	46,781	49,593	-	-	-	-	-	-
Recreation and culture	-	-	-	-	25,330	19,453	8,086	63,786	109,870	74,401
Operating grants and contributions	1,035,542	981,267	892,971	1,284,404	1,609,373	2,022,365	1,912,311	1,420,480	1,335,241	2,306,089
Capital grants and contributions	-	432,819	40,946	62,392	-	-	-	-	-	195,824
Total governmental activities program revenues	2,765,554	3,138,932	2,631,195	2,767,666	3,327,556	3,704,746	3,581,929	3,182,414	3,222,303	4,382,427
Business-type activities										
Charges for services										
Water and sewer	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692	5,856,833	6,008,657
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	3,367,116	3,491,444	3,725,054	3,825,370	3,987,169	4,277,466	5,294,583	5,702,692	5,856,833	6,008,657
Total primary government program revenues	6,132,670	6,630,376	6,356,249	6,593,036	7,314,725	7,982,212	8,876,512	8,885,106	9,079,136	10,391,084
NET (EXPENSES) REVENUE										
Governmental activities	(2,938,474)	(3,267,087)	(3,746,905)	(2,374,541)	(2,508,015)	(2,643,925)	(2,498,171)	(3,178,305)	(3,788,796)	(3,338,379)
Business-type activities	(417,323)	(568,157)	(494,853)	144,857	(380,261)	44,331	921,183	842,013	875,037	1,439,974
Total primary government net (expense) revenue	\$ (3,355,797)	\$ (3,835,244)	\$ (4,241,758)	\$ (2,229,684)	\$ (2,888,276)	\$ (2,599,594)	\$ (1,576,988)	\$ (2,336,292)	\$ (2,913,759)	\$ (1,898,405)

continued

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL REVENUES										
Governmental activities										
Taxes	\$ 2,962,510	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,720,724	\$ 2,980,885	\$ 3,127,224	\$ 3,322,052	\$ 3,485,501	\$ 3,502,246
State shared revenue	695,460	694,890	725,154	751,862	781,138	764,376	872,877	940,573	946,648	968,946
Investment earnings (loss)	2,117	2,929	5,320	8,867	11,640	24,674	12,946	(1,330)	6,094	23,597
Gain on sale of capital assets	-	-	-	-	122,471	23,300	57,700	31,100	(21,138)	35,094
Other	197,891	193,325	265,877	166,859	21,331	19,574	30,052	97,003	98,194	136,654
Special item - disposal of operations	-	(402,417)	-	-	-	-	-	-	-	-
Transfers	28,259	28,259	28,259	22,442	27,163	27,403	27,603	26,763	26,923	27,043
Total governmental activities general revenues	3,886,237	3,496,371	3,824,825	3,832,973	3,684,467	3,840,212	4,128,402	4,416,161	4,542,222	4,693,580
Business-type activities										
Investment earnings (loss)	1,552	3,885	9,101	11,515	20,754	18,836	5,023	2,051	18,411	33,774
Gain on sale of capital assets	-	-	-	-	3,000	15,000	-	-	-	-
Other	74,158	88,716	108,268	53,355	145,761	120,515	70,488	88,049	85,421	74,114
Transfers	(28,259)	(28,259)	(28,259)	(22,442)	(27,163)	(27,403)	(27,603)	(26,763)	(26,923)	(27,043)
Total business-type activities general revenues	47,451	64,342	89,110	42,428	142,352	126,948	47,908	63,337	76,909	80,845
Total primary government general revenues	3,933,688	3,560,713	3,913,935	3,875,401	3,826,819	3,967,160	4,176,310	4,479,498	4,619,131	4,774,425
Change in Net Position										
Governmental activities	947,763	229,284	77,920	1,458,432	1,176,452	1,196,287	1,630,231	1,237,856	753,426	1,355,201
Business-type activities	(369,872)	(503,815)	(405,743)	187,285	(237,909)	171,279	969,091	905,350	951,946	1,520,819
Total primary government	\$ 577,891	\$ (274,531)	\$ (327,823)	\$ 1,645,717	\$ 938,543	\$ 1,367,566	\$ 2,599,322	\$ 2,143,206	\$ 1,705,372	\$ 2,876,020

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 75,240	\$ 36,101	\$ 87,790	\$ 32,020	\$ 60,962	\$ 80,501	\$ 87,558	\$ 132,897	\$ 62,831	\$ 140,876
Assigned	1,000,000	1,000,000	866,000	-	-	-	-	1,465,524	1,468,524	1,442,191
Unassigned	<u>1,110,725</u>	<u>1,214,733</u>	<u>1,248,570</u>	<u>1,980,769</u>	<u>2,175,033</u>	<u>2,258,089</u>	<u>2,777,449</u>	<u>1,356,415</u>	<u>1,154,350</u>	<u>1,624,795</u>
Total General Fund	<u>\$ 2,185,965</u>	<u>\$ 2,250,834</u>	<u>\$ 2,202,360</u>	<u>\$ 2,012,789</u>	<u>\$ 2,235,995</u>	<u>\$ 2,338,590</u>	<u>\$ 2,865,007</u>	<u>\$ 2,954,836</u>	<u>\$ 2,685,705</u>	<u>\$ 3,207,862</u>
All other governmental funds										
Nonspendable	\$ 3,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,274,773	731,998	689,664	866,424	1,041,313	1,146,313	722,900	848,590	957,670	3,550,461
Assigned	53,529	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	<u>(220,947)</u>	<u>(275,718)</u>	<u>(412,408)</u>	<u>(125,297)</u>	<u>(363,422)</u>	<u>-</u>	<u>(90,486)</u>	<u>(530,155)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,110,992</u>	<u>\$ 456,280</u>	<u>\$ 277,256</u>	<u>\$ 741,127</u>	<u>\$ 677,891</u>	<u>\$ 1,146,313</u>	<u>\$ 632,414</u>	<u>\$ 318,435</u>	<u>\$ 957,670</u>	<u>\$ 3,550,461</u>

Source: City of St. Johns Basic Financial Statements

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Taxes	\$ 3,001,810	\$ 2,979,385	\$ 2,800,215	\$ 2,882,943	\$ 2,745,039	\$ 2,982,861	\$ 3,129,199	\$ 3,322,052	\$ 3,485,501	\$ 3,615,588
Special assessments	-	-	-	-	-	-	-	2,435	2,343	2,252
Licenses and permits	117,171	16,481	18,362	22,770	141,560	128,189	134,463	127,903	114,861	116,937
Intergovernmental	1,634,860	1,733,976	1,659,071	2,086,068	1,970,801	2,538,308	2,235,056	2,241,418	2,274,704	3,394,765
Charges for services	1,534,362	1,545,567	1,585,772	1,495,230	1,519,899	1,505,251	1,483,874	1,545,834	1,708,802	1,606,573
Fines and forfeits	33,629	40,955	34,392	25,939	25,629	19,546	22,504	30,554	20,765	11,980
Interest and rents	23,912	25,627	28,872	33,977	34,264	48,513	31,905	18,165	29,107	44,215
Other revenue	294,033	256,078	302,710	215,644	441,041	268,007	122,042	142,456	124,632	159,554
TOTAL REVENUES	6,639,777	6,598,069	6,429,394	6,762,571	6,878,233	7,490,675	7,159,043	7,430,817	7,760,715	8,951,864
EXEPNDITURES										
General government	1,306,690	1,352,896	1,410,140	1,518,998	1,593,261	1,571,587	1,622,160	1,531,884	1,739,438	1,850,043
Public safety	1,433,635	1,518,968	1,656,139	1,595,507	1,684,724	1,778,214	1,863,571	1,998,754	2,161,036	2,019,519
Public works	1,522,377	1,572,503	1,519,479	1,468,507	2,587,201	2,677,921	3,129,696	2,916,832	2,122,734	2,510,382
Health and welfare	23,595	40,284	54,630	33,743	54,758	55,428	47,190	47,802	53,886	92,376
Recreation and culture	833,274	655,916	281,026	293,499	401,712	308,998	290,636	618,917	382,566	987,021
Capital outlay	1,150,794	1,321,621	1,327,672	1,232,138	158,788	335,382	95,820	332,095	1,180,163	622,262
Debt service										
Principal	425,109	340,872	361,653	1,415,453	345,270	202,453	194,360	194,000	199,000	310,865
Interest	107,777	89,847	74,412	68,910	25,874	17,078	13,395	9,613	5,742	2,089
TOTAL EXPENDITURES	6,803,251	6,892,907	6,685,151	7,626,755	6,851,588	6,947,061	7,256,828	7,649,897	7,844,565	8,394,557
Excess of revenues over (under) expenditures	\$ (163,474)	\$ (294,838)	\$ (255,757)	\$ (864,184)	\$ 26,645	\$ 543,614	\$ (97,785)	\$ (219,080)	\$ (83,850)	\$ 557,307

continued

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other financing sources (uses)										
Issuance of debt	\$ -	\$ -	\$ -	\$ 1,116,042	\$ -	\$ -	\$ -	\$ -	\$ 655,864	\$ 3,000,000
Premium related to issuance of debt	-	-	-	-	-	-	-	-	-	93,899
Proceeds from sale of capital assets	-	-	-	-	106,162	-	82,700	-	-	-
Transfers in	426,921	546,216	328,624	326,633	1,254,832	335,782	1,267,448	1,379,435	496,039	1,129,923
Transfers out	(398,662)	(517,957)	(300,365)	(304,191)	(1,227,669)	(308,379)	(1,239,845)	(1,384,505)	(694,949)	(1,666,181)
Total other financing sources (uses)	<u>28,259</u>	<u>28,259</u>	<u>28,259</u>	<u>1,138,484</u>	<u>133,325</u>	<u>27,403</u>	<u>110,303</u>	<u>(5,070)</u>	<u>456,954</u>	<u>2,557,641</u>
Special item - disposal of operations	-	(323,264)	-	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ (135,215)</u>	<u>\$ (266,579)</u>	<u>\$ (227,498)</u>	<u>\$ 274,300</u>	<u>\$ 159,970</u>	<u>\$ 571,017</u>	<u>\$ 12,518</u>	<u>\$ (224,150)</u>	<u>\$ 373,104</u>	<u>\$ 3,114,948</u>
Debt services as a percentage of noncapital expenditures	9.43%	7.73%	8.14%	23.21%	5.55%	3.32%	2.90%	3.24%	3.23%	4.97%

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
2014	2015	\$ 131,636,561	\$ 43,814,183	\$ 4,254,867	\$ 325,085	\$ 14,454,400	\$ 4,742,800	\$ 199,227,896	15.1775	\$ 207,224,500	96.1%
2015	2016	130,490,412	42,824,938	4,248,343	296,801	15,299,600	4,107,079	197,267,173	15.1763	212,672,100	92.8%
2016	2017	133,344,131	44,042,207	3,623,843	-	14,746,700	3,271,398	199,028,279	14.6812	219,714,225	90.6%
2017	2018	136,584,114	45,544,434	3,629,201	-	13,540,615	2,973,906	202,272,270	14.1848	236,081,315	85.7%
2018	2019	141,317,631	47,058,207	3,615,563	-	13,023,600	2,852,651	207,867,652	13.1776	249,636,600	83.3%
2019	2020	146,649,825	49,566,861	4,622,968	-	15,549,400	2,364,912	218,753,966	13.6569	261,540,900	83.6%
2020	2021	152,141,851	53,772,840	4,432,942	-	16,890,600	10,568,547	237,806,780	13.5967	284,380,600	83.6%
2021	2022	157,181,103	56,373,307	4,481,423	-	18,993,800	19,807,690	256,837,323	13.6568	310,251,500	82.8%
2022	2023	165,377,442	61,922,499	6,492,964	-	20,279,600	20,713,012	274,785,517	13.5189	330,941,600	83.0%
2023	2024	176,733,285	64,127,559	8,053,706	-	17,946,500	19,362,006	286,223,056	13.6951	358,449,400	79.9%

Source: Clinton County Equalization Department Report

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

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

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

City of St. Johns													
Tax Year	General ⁽¹⁾	Economic Development ⁽²⁾	Garbage ⁽³⁾	Library	Streets ⁽⁴⁾	Total	St. Johns Public Schools ⁽⁵⁾	Clinton County	Clinton County Regional Educational Service Agency	Clinton Transit	State Education Tax	District Library	Total
2014	9.4360	0.2570	0.5000	0.9845	4.0000	15.1775	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9390
2015	9.4360	0.2558	0.5000	0.9845	4.0000	15.1763	7.0000	5.8000	3.7615	0.2000	6.0000	0.0000	37.9378
2016	9.4360	0.2530	0.5000	0.4922	4.0000	14.6812	7.0000	5.7953	3.7615	0.1998	6.0000	0.7500	38.1878
2017	9.4360	0.2488	0.5000	0.0000	4.0000	14.1848	7.0000	5.7877	3.7520	0.1998	6.0000	0.7500	37.6743
2018	9.4360	0.2416	0.5000	0.0000	3.0000	13.1776	7.0000	5.7877	3.7482	0.1998	6.0000	0.7500	36.6633
2019	9.9430	0.2310	0.5000	0.0000	2.9829	13.6569	7.0000	5.7976	3.8154	0.1996	6.0000	0.7494	37.2189
2020	9.9052	0.2200	0.5000	0.0000	2.9715	13.5967	7.0000	5.7961	3.7967	0.1984	6.0000	0.7476	37.1355
2021	9.9810	0.2100	0.5000	0.0000	2.9658	13.6568	7.0000	6.5284	3.7762	0.6963	6.0000	0.7459	38.4036
2022	9.8103	0.1936	0.6000	0.0000	2.9150	13.5189	7.0000	6.5573	3.7497	0.6924	6.0000	0.7401	38.2584
2023	9.8103	0.1848	0.7000	0.0000	3.0000	13.6951	7.0000	6.6384	3.7537	0.6924	6.0000	0.7401	38.5197

Source: Tax warrants issued by City Assessor

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

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

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

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

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

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

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

Company Name	Year Ended June 30, 2024			Year Ended June 30, 2015		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Consumers Energy	\$ 8,831,475	1	3.09	\$ 3,764,504	5	1.89
Save-A-Lot	6,291,600	2	2.20	6,733,600	1	3.38
ITC	6,129,270	3	2.14	-		-
Mahle	3,655,074	4	1.28	5,368,910	2	2.69
Loan Oak - St. Johns LLC	3,303,808	5	1.15	2,786,098	4	1.40
1035 S US 27 LLC	2,323,117	6	0.81	-		-
Glick Suntree LLC	2,263,222	7	0.79	1,965,500	6	0.99
Clinton Commons	1,774,265	8	0.62	1,449,381	9	0.73
Michigan Electronic Transmission	1,726,600	9	0.60	-		-
Young Family Real Estate LLC	1,699,160	10	0.59	-		-
Allied Ring Co.	-		-	2,599,800	3	1.30
Barnard Manufacturing	-		-	1,078,000	7	0.54
Harry's St. Johns LLC	-		-	1,902,560	8	0.95
CCS/Lansing Inc	-		-	1,188,700	10	0.60
	37,997,591		13.27	28,837,053		14.47
	<u>248,225,465</u>			<u>170,390,843</u>		
Total taxable value	<u>\$ 286,223,056</u>			<u>\$ 199,227,896</u>		

Source: City assessors office and 2015 financial statements

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

Fiscal Year Ended June 30,							Amount Collected in Fiscal Year of Levy		Amount Collected in	Subsequent Years/Received from County ⁽²⁾	Total Tax Collections	Percent Collected
	General	Economic Development	Garbage	Library	Streets	Total Tax Levy ⁽¹⁾	Amount	Percentage				
2015	\$ 1,835,148	\$ 49,968	\$ 97,238	\$ 191,456	\$ 777,936	\$ 2,951,746	\$ 2,844,685	96.37%	\$ 107,051	\$ 2,951,736	100.00%	
2016	1,822,644	49,395	96,573	190,151	772,634	2,931,397	2,858,694	97.52%	70,139	2,928,833	99.91%	
2017	1,834,749	49,179	97,209	95,689	777,762	2,854,588	2,783,754	97.52%	70,835	2,854,589	100.00%	
2018	1,880,565	49,570	99,637	-	797,183	2,826,955	2,778,227	98.28%	45,994	2,824,221	99.90%	
2019	1,929,475	49,388	102,241	-	613,434	2,694,538	2,642,437	98.07%	51,909	2,694,346	99.99%	
2020	2,153,826	50,024	108,297	-	646,137	2,958,284	2,905,278	98.21%	46,970	2,952,248	99.80%	
2021	2,237,506	47,934	112,935	-	671,228	3,069,603	2,963,603	96.55%	98,560	3,062,163	99.76%	
2022	2,374,130	49,937	178,386	-	705,449	3,307,902	3,261,250	98.59%	37,652	3,298,902	99.73%	
2023	2,513,396	49,585	153,708	-	746,812	3,463,501	3,354,644	96.86%	107,215	3,461,859	99.95%	
2024	2,773,480	49,320	311,877	-	848,127	3,982,804	3,894,419	97.78%	88,386	3,982,805	100.00%	

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			
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%	1,693.05
2021	7,698 ⁽³⁾	237,806,780	534,000	691,551	10,745,000	348,129	12,318,680	5.18%	1,600.24
2022	7,698 ⁽³⁾	256,837,323	340,000	590,712	10,090,000	314,126	11,334,838	4.41%	1,472.44
2023	7,698 ⁽³⁾	274,785,517	141,000	1,142,526	9,415,000	279,043	10,977,569	3.99%	1,426.03
2024	7,698 ⁽³⁾	286,223,056	3,093,899	1,126,227	8,715,000	242,843	13,177,969	4.60%	1,711.87

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

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

(2) Source: 2010 Census report

(3) Source: 2020 Census report

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Taxable Value of Property⁽⁶⁾</u>	<u>General Obligation Bonds⁽¹⁾⁽²⁾</u>	<u>Bonded Debt Service Funds Available⁽¹⁾⁽³⁾</u>	<u>Net General Bonded Debt</u>	<u>Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
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	-	1,445,000	0.73%	184
2018	7,865 ⁽⁴⁾	202,272,270	1,201,000	-	1,201,000	0.59%	153
2019	7,865 ⁽⁴⁾	207,867,652	909,000	-	909,000	0.44%	116
2020	7,865 ⁽⁴⁾	218,753,966	724,000	-	724,000	0.33%	92
2021	7,698 ⁽⁵⁾	237,806,780	534,000	-	534,000	0.22%	69
2022	7,698 ⁽⁵⁾	256,837,323	340,000	-	340,000	0.13%	44
2023	7,698 ⁽⁵⁾	274,785,517	141,000	-	141,000	0.05%	18
2024	7,698 ⁽⁵⁾	286,223,056	3,093,899	-	3,093,899	1.08%	402

(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, 2024

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percent Applicable ⁽²⁾	Direct and Estimated Overlapping Debt
St. Johns Public Schools	\$ 68,010,244	28.28%	\$ 19,233,297
Clinton County	<u>22,957,302</u>	7.33%	<u>1,682,770</u>
Total overlapping debt	90,967,546		20,916,067
City of St. Johns	<u>4,220,126</u>	100.00%	<u>4,220,126</u>
Total direct and overlapping direct	<u><u>\$ 95,187,672</u></u>		<u><u>\$ 25,136,193</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, 2024**

Valuation for debt limit	
2024 state equalized value	<u>\$ 358,449,400</u>
Debt limit	
10% of state equalized value and equivalent	\$ 35,844,940
Debt applicable to debt limit	<u>4,462,969</u>
Legal debt margin	<u>\$ 31,381,971</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
2015	\$ 21,264,338	\$ 2,314,466	\$ 18,949,872	10.88%
2016	21,967,892	1,755,000	20,212,892	7.99%
2017	23,384,642	1,445,000	21,939,642	6.18%
2018	24,327,860	1,201,000	23,126,860	4.94%
2019	25,788,320	909,000	24,879,320	3.52%
2020	28,215,320	1,653,124	26,562,196	5.86%
2021	28,438,060	1,559,819	26,878,241	5.48%
2022	31,025,150	1,244,838	29,780,312	4.01%
2023	33,094,160	1,562,569	31,531,591	4.72%
2024	35,844,940	4,462,969	31,381,971	12.45%

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⁾
2015	7,865 ⁽¹⁾	\$ 297,792,495	\$ 37,863	4.3%
2016	7,865 ⁽¹⁾	299,955,370	38,138	4.5%
2017	7,865 ⁽¹⁾	315,764,020	40,148	4.0%
2018	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.8%
2019	7,865 ⁽¹⁾	- ⁽⁶⁾	-	3.7%
2020	7,865 ⁽¹⁾	339,594,970	43,178	9.5%
2021	7,698 ⁽²⁾	365,347,080	47,460	5.5%
2022	7,698 ⁽²⁾	421,850,400	54,800	5.3%
2023	7,698 ⁽²⁾	389,880,606	50,647	3.9%
2024	7,698 ⁽²⁾	414,198,588	53,806	3.9%

(1) Source: 2010 Census Report

(2) Source: 2020 Census Report

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

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

(5) Source: Bureau of Labor Statistics

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

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

Industry	2024		2015	
	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce	Number of Jobs ⁽¹⁾⁽²⁾	Percentage of Workforce
Government	59,800	24.9%	57,700	25.8%
Trade, Transportation, and Utilities	36,800	15.3%	35,100	15.8%
Education and Health Services	33,300	13.8%	30,900	13.9%
Professional and Business Services	26,000	10.8%	21,400	9.6%
Manufacturing	21,000	8.7%	20,600	9.3%
Financial Activities	18,500	7.7%	15,600	7.0%
Leisure and Hospitality	19,500	8.1%	20,300	9.1%
Other Services	10,700	4.4%	10,700	4.8%
Construction and Mining	11,100	4.6%	7,600	3.4%
Information	4,000	1.7%	2,800	1.3%
Total	240,700	100.0%	222,700	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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	8	8	8	7	7	7	8	8	8	9
Public safety ⁽¹⁾	11	12	12	11	11.0	11.5	12.5	13	10	11
Public works	22	21	19	18	18	18	17	18	18	18
Community and economic development	1	1	1	1	1	1	1	1	-	-
Recreation and culture	8	8	3	3	3	2	1	1	1	1
Total	50	50	43	40	40	39.5	39.5	41	37	39

Source: City of St. Johns Clerk's Office

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

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety ⁽¹⁾										
Physical arrests	272	316	296	242	203	159	145	145	73	48
Parking violations	962	893	951	822	717	581	721	931	901	628
Traffic violations	862	901	908	840	608	539	328	410	146	122
Emergency fire responses	93	109	126	167	166	222	215	206	257	255
Public works ⁽²⁾										
Street resurfacing (miles)	3.80	3.34	3.30	3.19	2.00	2.50	2.50	2.50	2.40	0.77
Number of water meters	3,252	3,262	3,317	3,334	3,342	3,342	3,342	3,421	3,447	3,475
Average daily water consumption (gallons)	658,000	588,000	713,000	725,000	725,000	725,000	725,000	728,000	1,660,000	1,710,000
Peak daily water consumption	1,120,000	1,015,000	1,410,000	1,611,800	1,600,000	1,600,000	1,600,000	1,700,000	2,140,000	1,861,000
Average daily sewage treatment	1,250,000	1,148,166	1,454,000	1,365,000	1,400,000	1,430,000	1,430,000	1,500,000	1,120,000	1,150,000
Recreation and culture ⁽³⁾										
Volumes in library collection	47,071	48,637	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Volumes borrowed from library	82,670	86,482	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)

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

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

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

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	89	89	89	89	89	89	89
Traffic signals	4	4	4	4	4	4	4	4	4	4
Water										
Mains (miles)	52	52	52	54	56	56	56	59	59	59
Fire hydrants	432	432	432	436	467	467	467	479	479	479
Storage capacity (gallons)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Sewer										
Sanitary sewers (miles)	43	43	43	43	43	43	43	44	44	44
Storm sewers (miles)	32	32	32	32	32	32	32	32	32	32
Treatment capacity (million gallons per day)	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Recreation and culture ⁽³⁾										
Parks (acres)	97	97	97	97	97	97	97	97	97	97
Playgrounds	6	6	6	6	6	6	6	6	6	6
Municipal splash pad	-	-	1	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	4
Softball diamonds	1	1	1	1	1	1	1	1	1	1

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

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

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



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

☎ 517.323.7500

📠 517.323.6346

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Johns, as of and for the year ended June 30, 2024, 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 2, 2024.

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:

2024-001 REVIEW OF JOURNAL ENTRIES

Condition: There is no evidence of review and approval of journal entries.

2024-001 REVIEW OF JOURNAL ENTRIES (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, adjustments to general ledger, etc.) and the controls that are being utilized should be formally documented as proof of the control.

Cause: The creation, review, and approval of journal entries is completed by a single individual.

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 the journal entry creation, review, and approval process internal controls. 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 does not currently have anyone capable of reviewing journal entries. However, the City Manager reviews the financial statements on a monthly basis and management will continue to maintain a heightened awareness and continually review the internal controls over this area.

Report on Compliance and Other Matters

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

City of St. Johns' Response to Findings

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

Purpose of This Report

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

Maney Costeiran PC

December 2, 2024