



**CITY OF ST. JOHNS
CLINTON COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

Prepared by: Treasurer's Office

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
List of Officials	2
Letter of Transmittal	3
Organization Chart	6
Certificate of Achievement for Excellence in Financial Reporting	7
FINANCIAL SECTION	
Independent Auditor's Report	9
Management's Discussion and Analysis	13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	24
Statement of Activities	25
Fund Financial Statements	
Governmental Funds	
Balance Sheet	26
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities	29
Proprietary Funds	
Statement of Net Position	30
Statement of Revenues, Expenses, and Changes in Net Position	31
Statement of Cash Flows	32
Fiduciary Funds	
Statement of Fiduciary Net Assets and Liabilities	34
Component Units	
Combining Statement of Net Position	35
Combining Statement of Activities	36
Notes to the Financial Statements	38
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	66
Schedule of Changes in Net Pension Liability and Related Ratios	67
Schedule of Contributions	68

TABLE OF CONTENTS

Page

OTHER SUPPLEMENTARY INFORMATION

Governmental Funds

Nonmajor Governmental Fund Descriptions	70
Combining Balance Sheet – Nonmajor Governmental Funds	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Streets	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Local Streets	76
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Law Enforcement	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Garbage	79

Fiduciary Funds

Fiduciary Fund Descriptions	80
Combining Statement of Fiduciary Assets and Liabilities	81
Combining Statement of Changes in Fiduciary Assets and Liabilities	82

Component Units

Component Unit Fund Descriptions	83
Combining Statement of Net Position / Balance Sheet - Component Units	84
Combining Statement of Activities / Statement of Revenue, Expenditures, and Changes in Fund Balance - Component Units	85

STATISTICAL SECTION

Statistical Section Table of Contents	87
--	----

Financial Trend Tables

Net Position by Component	88
Changes in Net Position	89
Fund Balances of Governmental Funds	91
Changes in Fund Balances of Governmental Funds	92

Revenue Capacity Tables

Assessed State Equalized Value of Taxable Property	93
Direct and Overlapping Property Tax Rates	95
Principal Property Tax Payers	96
Property Tax Levies and Collections	97

Debt Capacity Tables

Ratios of Outstanding Debt by Type	98
Ratios of Net General Bonded Debt Outstanding	99
Direct and Overlapping Governmental Activities Debt	100
Legal Debt Margin	101

TABLE OF CONTENTS

Page

STATISTICAL SECTION (CONTINUED)

Demographic and Economic Information

Demographic and Economic Statistics	102
Principal Employers	103

Operating Information

City Employees by Function/Program	104
Operating Indicators by Function/Program	105
Capital Asset Statistics by Function/Program	106

INTRODUCTORY SECTION

CITY OF ST. JOHNS, MICHIGAN

LIST OF OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2018

Elected Officials

Dana C. Beaman	Mayor
Heather R. Hanover	Vice Mayor
Eric Hufnagel	Commissioner
Bob Craig	Commissioner
Jean Ruestman	Commissioner

Administrative Officials

Jon Stoppels	City Manager
Dave J. Kudwa, P.E.	Deputy City Manager
Patrick Clifford	City Treasurer

Eric Hufnagel
Mayor

Bob Craig
Vice Mayor

Heather R. Hanover
Commissioner

Jean Ruestman
Commissioner

Tamara Kirschenbauer
Commissioner



Jon Stoppels
City Manager

Dave J. Kudwa, P.E.
Deputy City Manager

Mindy J. Seavey
City Clerk

Kristina Kinde
City Treasurer

Vacant
City Assessor

John B. Salemi
City Attorney

Steven M. Martin
Director of Public Services

November 28, 2018

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of St. Johns (the City), Michigan for the fiscal year ended June 30, 2018 with the Independent Auditor’s Report, submitted in compliance with Michigan State Law. State law requires that within six months of the close of each fiscal year local governments publish a complete set of financial statements presented in conformance with generally accepted accounting principles in the USA (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets state law requirements.

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

Gabridge & Company, independent auditors, has issued an unmodified, “clean” opinion on the City’s financial statements for the year ended June 30, 2018. The independent auditor’s report is located at the front of the financial section of this report. Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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

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

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

Discretely presented component units are segregated from the primary government in the government-wide financial statements. This emphasizes that they are legally separate from the primary government. These discretely presented component units include the Downtown Development Authority (DDA), the Local Development Finance Authority (LDFA), and the Principal Shopping District (PSD). The DDA and PSD promote business development in the downtown area. The LDFA promotes business development in the industrial park located north of the city.

The Commission is required to adopt a final budget prior to the beginning of the fiscal year (July 1). The annual budget serves as the foundation of the City of St. Johns' financial planning and control. The Commission adopts the budgets at the required legal level of budgetary control in conformance with Public Act 621 of the State of Michigan.

Financial Condition

The General Fund is the government's primary operating fund. Over the past several years, the City has seen a steady increase in the total fund balance for the general fund (see Table A-3 in the Statistical Section of the financial statements). We see, however, issues on the horizon that will have an impact on fund balance.

Local Economy

The City has many diverse businesses including retail, commercial, and manufacturing. St. Johns is near the Lansing-East Lansing Metropolitan Statistical Area (MSA). This area includes Clinton, Ingham, and Eaton counties. The current unemployment rate for this MSA is 3.2%. The city continues to see growth in our residential and manufacturing sectors. However, there has been significant growth in multi-family residential developments located in the central business district. Also, the announcement of the development of two major dairy processing plants and non-downtown growth are very promising for the City's financial future.

Long-term Financial Planning

Like many Michigan cities, St. Johns is facing a challenge with respect to the funding of our deferred benefit pension plan. The plan is only about 51% funded and the required annual minimum payments will escalate over the next twelve years. There will be difficult decisions ahead with respect to city service reductions in order to meet our continuing obligation to fund the retirement plan. The City recently submitted its Corrective Action Plan to the State of Michigan and the City's plan to address the unfunded liability is an exciting one.

The City's charter provides for a 10-mil cap. Given the modest property tax increases and the rising costs of infrastructure replacement, pension liability, and building improvements the City considered a charter amendment to increase that cap, which was approved on the November 2018 ballot. The reinstated millage will bring in approximately \$115,000.

Financial Policies

In August, 2016, the City Commission approved a Fund Balance Policy. The Policy is modeled after a recommendation from the Government Financial Officers Association. The Policy sets a goal to maintain an unassigned fund balance of 15% to 20% of expenditures. This Policy ensures the City maintains reserves to handle unplanned expenditures. Currently, the City's General Fund Balance is \$2,012,789 which is 44% of expenditures

Major Initiatives

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

The City of St. Johns has also supported significant improvements to our park and recreational facilities. These improvements include a new spray park, updated softball field bleachers & dugouts, frisbee golf, and a restroom facility near the CIS trail. The projects have been funded through MDNR grants, community donations, and matching local funds from the City. The City also recently worked with the St. Johns Schools to rent a portion of the Wilson Center to provide recreational programming.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Johns for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017; an award the City has received annually since 2000. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration.

Acknowledgements

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

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

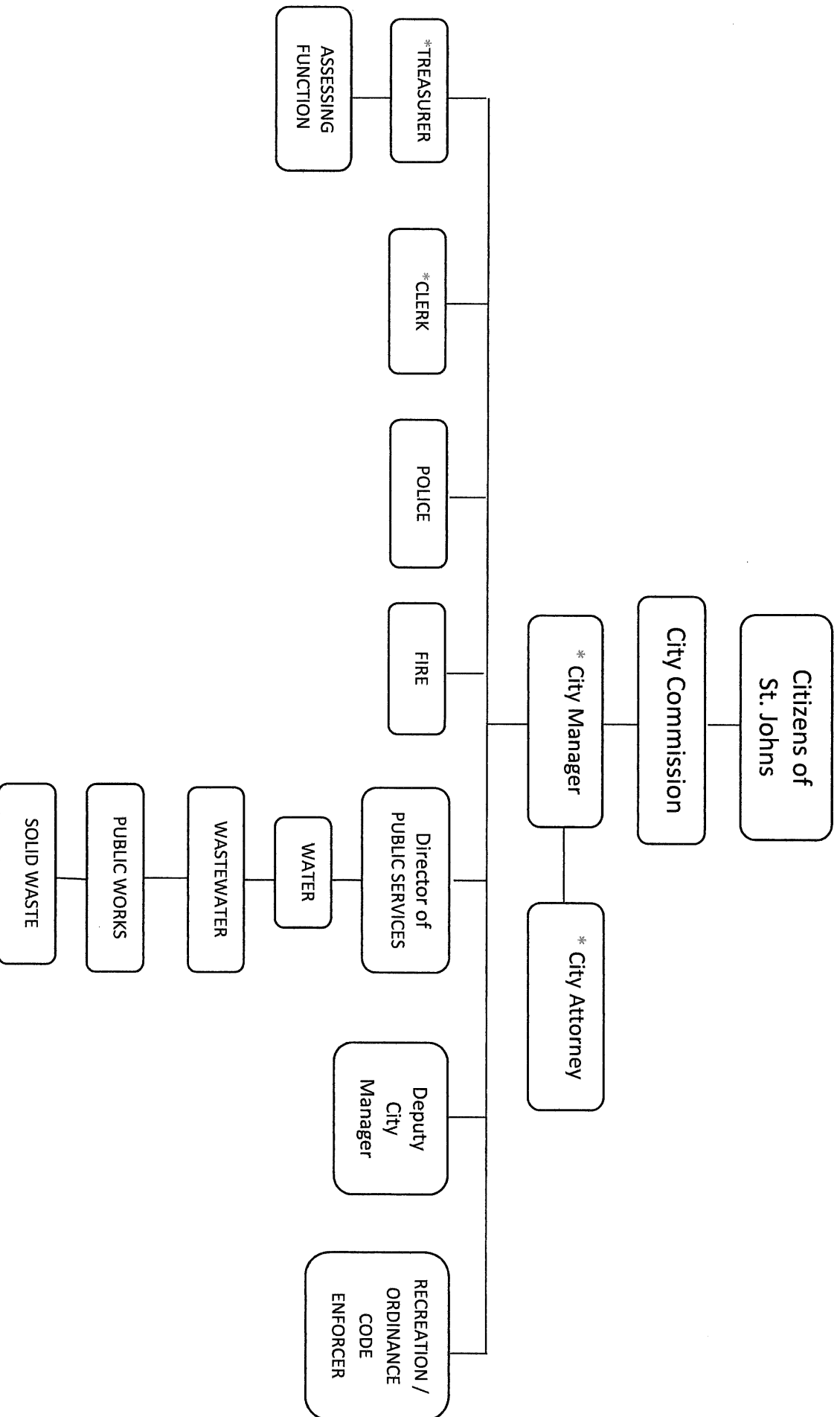
Respectfully submitted,

Jon Stoppels
City Manager

Kristina Kinde
City Treasurer

(signatures withheld for security purposes)

City of St. Johns, MI Organizational Chart June 30, 2018



*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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Johns, Michigan, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of St. Johns, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Johns, Michigan, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the City of St. Johns, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Johns, Michigan's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Galbridge & Company". The signature is written in dark ink and is positioned above the typed name and date.

Grand Rapids, Michigan
November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of St. Johns
Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the City of St. Johns (the "City" or "government"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2018 fiscal year as follows:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of this fiscal year by \$12,355,014 (shown as *Net Position*), representing an increase of \$1,645,717 over the previous fiscal year.
- During the year, the City received \$10,468,437 in revenues and \$8,822,720 in expenses, resulting in an increase in net position of approximately \$1,645,717. Of the City's \$8,822,720 expense total, \$3,680,513 related to business-type activities and \$5,142,207 related to governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,753,916, an increase of \$274,300 in comparison with the prior year. Approximately 67.4 percent of this total amount, or \$1,855,472, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,980,769, or 44 percent of the General Fund's total expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Component Units

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA), Principal Shopping District, and Local Development Finance Authority for which the City is financially accountable. Information for the component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The City adopts an annual appropriated budget for its General Fund and all special revenue funds as required by state law. Budgetary comparison schedules have been provided for the General Fund and Garbage Fund (as required supplemental information) and the nonmajor special revenues funds (in other supplemental information) to demonstrate legal compliance.

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, the

pension schedules, and the General Fund and Garbage Fund budget to actual schedules. Other supplemental information follows the pension schedules and includes combining and individual fund statements and schedules.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,355,014 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 2,601,953	\$ 1,744,480	\$ 1,273,860	\$ 1,295,689	\$ 3,875,813	\$ 3,040,169
Receivables	548,689	597,715	925,079	993,531	1,473,768	1,591,246
Due from Agency Funds	5,321	55,321	-	-	5,321	55,321
Inventory	12,312	12,407	57,119	64,839	69,431	77,246
Prepaid Items	32,020	87,790	-	670	32,020	88,460
Total Current Assets	3,200,295	2,497,713	2,256,058	2,354,729	5,456,353	4,852,442
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	1,297,632	1,566,799	1,297,632	1,566,799
Capital Assets not being Depreciated	1,244,816	1,293,841	169,161	169,161	1,413,977	1,463,002
Capital Assets being Depreciated	9,713,990	9,152,298	13,876,526	14,784,317	23,590,516	23,936,615
Total Assets	14,159,101	12,943,852	17,599,377	18,875,006	31,758,478	31,818,858
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	-	-	157,529	168,573	157,529	168,573
Deferred Pension Amounts	318,187	624,988	156,719	307,829	474,906	932,817
Total Deferred Outflows of Resources	318,187	624,988	314,248	476,402	632,435	1,101,390
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	196,620	194,585	98,079	71,342	294,699	265,927
Accrued Liabilities	119,922	112,181	46,818	41,212	166,740	153,393
Accrued Interest	12,251	27,372	64,862	71,094	77,113	98,466
Current Portion of Compensated Absences	122,582	128,056	50,949	44,474	173,531	172,530
Current Portion of Long-term Debt	366,561	333,095	515,066	660,066	881,627	993,161
Internal Balances	(1,340)	(596,120)	1,340	596,120	-	-
Total Current Liabilities	816,596	199,169	777,114	1,484,308	1,593,710	1,683,477
<i>Noncurrent Liabilities</i>						
Compensated Absences	62,136	57,182	24,301	22,339	86,437	79,521
Long-term Debt	1,244,948	1,595,509	8,778,929	9,293,995	10,023,877	10,889,504
Net Pension Liability	5,490,482	6,402,151	2,704,268	3,153,299	8,194,750	9,555,450
Total Liabilities	7,614,162	8,254,011	12,284,612	13,953,941	19,898,774	22,207,952
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Amounts	91,874	2,009	45,251	990	137,125	2,999
Total Deferred Inflows of Resources	91,874	2,009	45,251	990	137,125	2,999
NET POSITION						
Net Investment in Capital Assets	9,347,297	8,517,535	4,909,221	5,167,990	14,256,518	13,685,525
Restricted	866,424	689,664	1,297,632	1,495,705	2,164,056	2,185,369
Unrestricted	(3,442,469)	(3,894,379)	(623,091)	(1,267,218)	(4,065,560)	(5,161,597)
Total Net Position	\$ 6,771,252	\$ 5,312,820	\$ 5,583,762	\$ 5,396,477	\$ 12,355,014	\$ 10,709,297

The largest portion of the City's net position, \$14,256,518, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2,164,056, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit balance of \$(4,065,560).

Total assets of the City decreased by \$60,380 during the year, from \$31,818,858 as of June 30, 2017 to \$31,758,478 as of June 30, 2018. The change is significantly different than the prior year due to having the one-time increase in the prior year from the transfer and removal of a library and municipal building in the prior year.

The City's overall net position increased \$1,645,717 from the prior fiscal year. In addition to the one-time additional recreation and culture expenses not being involved during this fiscal year, the City implemented the new pension reported standard in the prior year, causing the differences to be vast this year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

The City's total revenue for the fiscal year ended June 30, 2018 was \$10,468,437, while total cost of all programs and services was \$8,822,720. This results in an increase in net position of \$1,645,717.

The following table presents a summary of the changes in net position for the years ended June 30, 2018 and June 30, 2017:

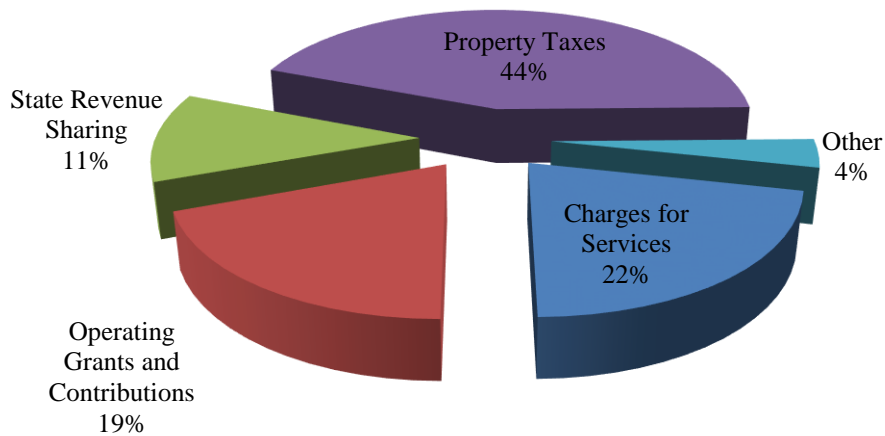
	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenues						
Charges for Services	\$ 1,420,870	\$ 1,697,278	\$ 3,825,370	\$ 3,725,054	\$ 5,246,240	\$ 5,422,332
Operating Grants and Contributions	1,284,404	892,971	-	-	1,284,404	892,971
Capital Grants and Contributions	62,392	40,946	-	-	62,392	40,946
Total Program Revenues	<u>2,767,666</u>	<u>2,631,195</u>	<u>3,825,370</u>	<u>3,725,054</u>	<u>6,593,036</u>	<u>6,356,249</u>
General Revenues						
Property Taxes	2,882,943	2,800,215	-	-	2,882,943	2,800,215
State Revenue Sharing	751,862	725,154	-	-	751,862	725,154
Other Revenue	166,859	265,877	53,355	108,268	220,214	374,145
Interest Income	8,867	5,320	11,515	9,101	20,382	14,421
Total General Revenues	<u>3,810,531</u>	<u>3,796,566</u>	<u>64,870</u>	<u>117,369</u>	<u>3,875,401</u>	<u>3,913,935</u>
Total Revenues	<u>6,578,197</u>	<u>6,427,761</u>	<u>3,890,240</u>	<u>3,842,423</u>	<u>10,468,437</u>	<u>10,270,184</u>
Expenses						
General Government	1,404,660	1,681,359	-	-	1,404,660	1,681,359
Public Safety	1,367,562	1,777,613	-	-	1,367,562	1,777,613
Public Works	1,972,143	2,103,309	-	-	1,972,143	2,103,309
Recreation and Culture	319,239	748,442	-	-	319,239	748,442
Interest on Long-term Debt	54,259	67,377	-	-	54,259	67,377
Other Expenses	24,344	-	-	-	24,344	-
Water and Sewer	-	-	3,680,513	4,219,907	3,680,513	4,219,907
Total Expenses	<u>5,142,207</u>	<u>6,378,100</u>	<u>3,680,513</u>	<u>4,219,907</u>	<u>8,822,720</u>	<u>10,598,007</u>
Excess or Deficiency Before Any Transfers	<u>1,435,990</u>	<u>49,661</u>	<u>209,727</u>	<u>(377,484)</u>	<u>1,645,717</u>	<u>(327,823)</u>
Transfers In (Out)	<u>22,442</u>	<u>28,259</u>	<u>(22,442)</u>	<u>(28,259)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>1,458,432</u>	<u>77,920</u>	<u>187,285</u>	<u>(405,743)</u>	<u>1,645,717</u>	<u>(327,823)</u>
<i>Net Position at the Beginning of Period</i>	<u>5,312,820</u>	<u>5,234,900</u>	<u>5,396,477</u>	<u>5,802,220</u>	<u>10,709,297</u>	<u>11,037,120</u>
Net Position at the End of Period	<u>\$ 6,771,252</u>	<u>\$ 5,312,820</u>	<u>\$ 5,583,762</u>	<u>\$ 5,396,477</u>	<u>\$ 12,355,014</u>	<u>\$ 10,709,297</u>

Governmental Activities

Governmental activities increased the City’s net position by \$1,458,432 for the year ended June 30, 2018 compared to an increase of \$77,920 for the year ended June 30, 2017. This is largely related to a significant decrease in total expenses during the year. Recreation and culture expenses were the most impact change in expenses; the function decreased from \$748,442 to \$319,239 due to having one-time additional expenses in the prior year. The City received an increase of \$391,433 in operating grants and contributions as a result of being awarded grants for veterans’ memorial bathhouse renovations and trailside parkway development.

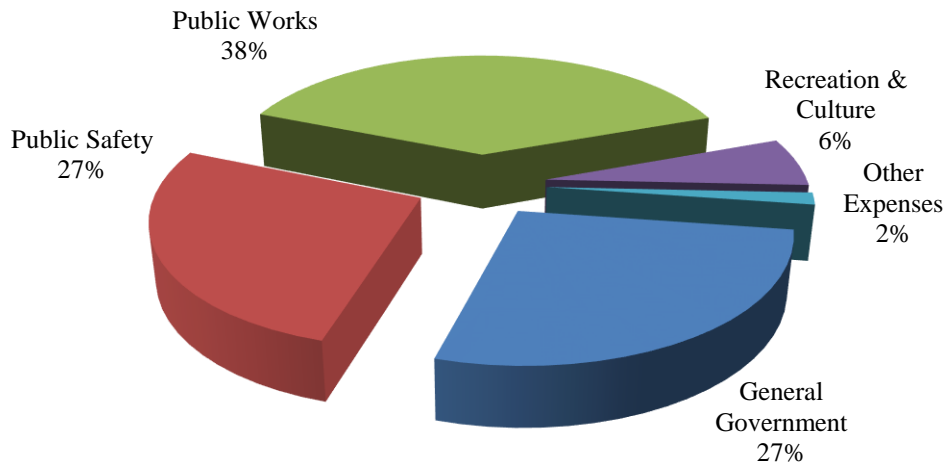
The following chart summarizes the revenue sources for the governmental activities of the City for the most recent fiscal year end:

Governmental Activities Revenues



The following chart summarizes the expenses for the governmental activities of the City for the most recent fiscal year end:

Governmental Activities Expenses



Business-type Activities

Business-type activities increased the City's net position by \$187,285 for the year ended June 30, 2018 compared to a decrease of \$405,743 for the year ended June 30, 2017. Revenues in the Water/Sewer Fund showed a minimal increase of \$47,817. Additionally, expenses decreased in the Water/Sewer Fund by \$539,394 during the year. The decrease in expenses was largely related to interest expense decreasing from \$476,867 in the prior year to \$270,344 as a result of refunding the 2007 capital improvement bonds for a significantly lower interest rate.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Commission.

At June 30, 2018, the City's governmental funds reported combined fund balances of \$2,753,916, an increase of \$274,300 in comparison with the prior year. Approximately 67.4% of this amount, or \$1,855,472, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *assigned*, or *restricted* to indicate that it is: 1) not in spendable form (\$32,020 for prepaid items) or 2) restricted for particular purposes (\$703,725 for major and local streets and \$162,699 for specific purposes).

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,980,769, while total fund balance decreased to \$2,012,789. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 44 percent of total General Fund expenditures, while total fund balance represents approximately 44.7 percent of that same amount.

The fund balance of the City's General Fund decreased by \$189,571 during the current fiscal year. The City Commission monitors the expenditures of the General Fund closely to ensure that spending does not exceed the City's available resources.

2007 Building Authority Capital Improvement Bonds

The 2007 Building Authority Capital Improvement Bonds Fund had an increase of \$668 to its fund balance from the prior year. The total fund balance is \$668 and is classified as restricted. This small change to this fund balance is due to the payment of the 2007 capital improvement bonds of \$1,193,000 and the issuance of the 2017 refunding bonds of \$1,119,000.

Street Millage Capital Projects Fund

The Street Millage Capital Projects Fund had an increase of \$413,989 to its fund balance from the prior year. The total fund balance is \$1,581 and is classified as restricted.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water & Sewer Fund

The Water & Sewer fund had an increase to its net position of \$187,285 from the prior year. A summary of the change in net position is included in the Business-type Activities section earlier in the document.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the budget was amended to increase the original estimated revenues and original budgeted appropriations. The most significant increase in revenues was in charges for services of \$416,065. There was a need to make an amendment to reallocate appropriations among departments.

Final budget compared to actual results. The City had the following expenditures in excess of the amount appropriated in the general fund during the year:

	Amended Budget	Actual	Variance
General Fund			
Administration	\$ 1,038,678	\$ 1,068,653	\$ (29,975)
Other	33,595	33,743	(148)
Capital Outlay	-	645,573	(645,573)
Transfers Out	129,099	136,669	(7,570)

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$25,004,493 (net of accumulated depreciation). Of this amount, \$10,958,806 was for its governmental activities and \$14,045,687 was for its business-type activities. Depreciation charges for the fiscal year totaled \$809,018 for the governmental activities and \$912,307 for the business-type activities. Overall additions to capital assets during the year include purchases of vehicles, continued improvements to the water and sewer systems, and significant repairs and maintenance to the city streets.

Significant capital asset additions during the year include the following:

- | | |
|---------------------------------|-----------|
| • Trailside Park and Facilities | \$261,118 |
| • Veterans Memorial Bathhouse | \$200,509 |
| • New Police Building | \$148,080 |
| • Street Projects | \$617,401 |

Additional information on the City's capital assets can be found in Note 8 to these financial statements.

Long-term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$10,905,504 (net of premiums and discounts). Of this amount, \$1,611,509 was for governmental activities while \$9,293,995 was for business-type activities.

The City issued new long-term debt in the amount of \$1,119,000 and made payments of \$2,096,161 during the current fiscal year.

State statute limits the City of St. Johns debt obligations to 10 percent of the current state equalized value (SEV). The City of St. Johns SEV as of June 30, 2018 was \$243,278,600; therefore, the City of St. Johns debt limitation was \$24,327,860. The City of St. Johns remains below its legal debt limit as of June 30, 2018.

Additional information on the City's long-term debt can be found in Note 9 to these financial statements.

Economic Factors and Next Year's Budgets and Rates

Management estimates that \$4,300,000 of revenues will be available for appropriation in the General Fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2017. The City continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2018, the City plans again to use current revenues to provide essential

services and to maintain the City's financial reserves at similar levels. The ongoing costs of providing essential services for the citizens of the City will again need to be monitored in order to maintain the financial condition of the City.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of St. Johns
Statement of Net Position
June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 2,601,953	\$ 1,273,860	\$ 3,875,813	\$ 237,878
Receivables	548,689	925,079	1,473,768	--
Due from Agency Funds	5,321	--	5,321	--
Inventory	12,312	57,119	69,431	--
Prepays	32,020	--	32,020	--
Total Current Assets	3,200,295	2,256,058	5,456,353	237,878
<i>Noncurrent Assets</i>				
Restricted Cash	--	1,297,632	1,297,632	--
Capital Assets not being Depreciated	1,244,816	169,161	1,413,977	--
Capital Assets being Depreciated	9,713,990	13,876,526	23,590,516	--
Total Assets	14,159,101	17,599,377	31,758,478	237,878
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Amounts	318,187	156,719	474,906	--
Deferred Charge on Refunding	--	157,529	157,529	--
Total Deferred Outflows of Resources	318,187	314,248	632,435	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	196,620	98,079	294,699	--
Accrued Liabilities	119,922	46,818	166,740	--
Accrued Interest	12,251	64,862	77,113	--
Current Portion of Compensated Absences	122,582	50,949	173,531	--
Current Portion of Long-term Debt	366,561	515,066	881,627	--
Internal Balances	(1,340)	1,340	--	--
Total Current Liabilities	816,596	777,114	1,593,710	--
<i>Noncurrent Liabilities</i>				
Compensated Absences	62,136	24,301	86,437	--
Long-term Debt	1,244,948	8,778,929	10,023,877	--
Net Pension Liability	5,490,482	2,704,268	8,194,750	--
Total Liabilities	7,614,162	12,284,612	19,898,774	--
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Amounts	91,874	45,251	137,125	--
Total Deferred Inflows of Resources	91,874	45,251	137,125	--
NET POSITION				
Net Investment in Capital Assets	9,347,297	4,909,221	14,256,518	--
<i>Restricted for:</i>				
Debt Service	668	1,297,632	1,298,300	--
Capital Projects	16,668	--	16,668	--
Garbage	141,167	--	141,167	--
Drug Law	4,196	--	4,196	--
Streets	703,725	--	703,725	--
<i>Unrestricted</i>	(3,442,469)	(623,091)	(4,065,560)	237,878
Total Net Position	\$ 6,771,252	\$ 5,583,762	\$ 12,355,014	\$ 237,878

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of St. Johns
Statement of Activities
For the Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>			<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government</u>		
						<u>Business-type Activities</u>	<u>Total</u>	
Primary Government								
Governmental Activities:								
General Government	\$ 1,404,660	\$ 222,210	\$ 285,104	\$ --	\$ (897,346)	\$ --	\$ (897,346)	\$ --
Public Safety	1,367,562	122,208	12,590	--	(1,232,764)	--	(1,232,764)	--
Public Works	1,972,143	1,026,859	875,973	--	(69,311)	--	(69,311)	--
Recreation and Culture	319,239	49,593	110,737	62,392	(96,517)	--	(96,517)	--
Interest on Long-term Debt	54,259	--	--	--	(54,259)	--	(54,259)	--
Discount on Refunding Bonds Issued	2,958	--	--	--	(2,958)	--	(2,958)	--
Loss on Disposal of Assets	21,386	--	--	--	(21,386)	--	(21,386)	--
<i>Total Governmental Activities</i>	<u>5,142,207</u>	<u>1,420,870</u>	<u>1,284,404</u>	<u>62,392</u>	<u>(2,374,541)</u>	<u>--</u>	<u>(2,374,541)</u>	<u>--</u>
Business-type Activities:								
Water/Sewer Fund	3,680,513	3,825,370	--	--	--	144,857	144,857	--
<i>Total Business-type Activities</i>	<u>3,680,513</u>	<u>3,825,370</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>144,857</u>	<u>144,857</u>	<u>--</u>
<i>Total Primary Government</i>	<u>\$ 8,822,720</u>	<u>\$ 5,246,240</u>	<u>\$ 1,284,404</u>	<u>\$ 62,392</u>	<u>\$ (2,374,541)</u>	<u>\$ 144,857</u>	<u>\$ (2,229,684)</u>	<u>--</u>
Component Units								
Downtown Development Authority	\$ 18,040	\$ --	\$ --	\$ --	--	--	--	(18,040)
Principal Shopping District	61,985	--	59,838	--	--	--	--	(2,147)
Local Development Finance Authority	82,647	--	--	--	--	--	--	(82,647)
<i>Total Component Units</i>	<u>\$ 162,672</u>	<u>\$ --</u>	<u>\$ 59,838</u>	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(102,834)</u>
General Purpose Revenues and Transfers:								
Revenues								
					751,862	--	751,862	--
Intergovernmental Revenue					166,859	53,355	220,214	--
Other Revenue					2,882,943	--	2,882,943	144,854
Property Taxes					8,867	11,515	20,382	304
Interest Income					22,442	(22,442)	--	--
Transfers					<u>3,832,973</u>	<u>42,428</u>	<u>3,875,401</u>	<u>145,158</u>
<i>Total General Revenues and Transfers</i>					<u>1,458,432</u>	<u>187,285</u>	<u>1,645,717</u>	<u>42,324</u>
<i>Change in Net Position</i>					5,312,820	5,396,477	10,709,297	195,554
<i>Net Position at Beginning of Period</i>					<u>\$ 6,771,252</u>	<u>\$ 5,583,762</u>	<u>\$ 12,355,014</u>	<u>\$ 237,878</u>
<i>Net Position at End of Period</i>								

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of St. Johns
Balance Sheet
Governmental Funds
June 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>2007 Building Authority Capital Improvement Bonds</u>	<u>Street Millage</u>		
ASSETS					
Cash and Investments	\$ 1,698,996	\$ 668	\$ 6,883	\$ 776,049	\$ 2,482,596
Receivables	379,123	--	--	169,566	548,689
Due from Agency Funds	5,321	--	--	--	5,321
Prepays	32,020	--	--	--	32,020
Due from Other Funds	101,582	--	--	--	101,582
<i>Total Assets</i>	\$ 2,217,042	\$ 668	\$ 6,883	\$ 945,615	\$ 3,170,208
LIABILITIES					
Accounts Payable	\$ 93,699	\$ --	\$ 5,302	\$ 83,888	\$ 182,889
Accrued Liabilities	110,554	--	--	6,807	117,361
Due to Other Funds	--	--	--	100,242	100,242
<i>Total Liabilities</i>	204,253	--	5,302	190,937	400,492
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	--	--	--	15,800	15,800
<i>Total Liabilities and Deferred Inflows of Resources</i>	204,253	--	5,302	206,737	416,292
FUND BALANCE					
Nonspendable	32,020	--	--	--	32,020
Restricted	--	668	1,581	864,175	866,424
Unassigned	1,980,769	--	--	(125,297)	1,855,472
<i>Total Fund Balance</i>	2,012,789	668	1,581	738,878	2,753,916
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 2,217,042	\$ 668	\$ 6,883	\$ 945,615	\$ 3,170,208

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balance - Governmental Funds	\$	2,753,916
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements		665,526
General government capital assets of \$16,730,154, net of accumulated depreciation of \$6,663,951, are not financial resources, and accordingly are not reported in the funds.		10,066,203
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds.		15,800
Net pension liabilities are not reported in the funds.		(5,490,482)
Certain deferred pension-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.		226,313
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(1,276,083)
In the statement of activities, interest is accrued on long-term debt, whereas in governmental funds, the interest expenditure is reported when due.		(5,223)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(184,718)
Total Net Position - Governmental Funds	\$	<u>6,771,252</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Debt Service 2007 Building Authority Capital Improvement Bonds</u>	<u>Capital Projects Street Millage</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 1,971,666	\$ --	\$ 802,579	\$ 108,698	\$ 2,882,943
Licenses and Permits	22,770	--	--	--	22,770
Intergovernmental Revenue	1,239,865	--	--	846,203	2,086,068
Charges for Services	957,568	--	--	537,662	1,495,230
Fines and Forfeitures	25,939	--	--	--	25,939
Interest and Rentals	32,905	--	--	1,072	33,977
Other Revenue	200,894	--	--	14,750	215,644
Total Revenues	4,451,607	--	802,579	1,508,385	6,762,571
Expenditures					
General Government	1,552,741	--	--	--	1,552,741
Public Safety	1,595,507	--	--	--	1,595,507
Public Works	362,286	--	23,768	1,082,453	1,468,507
Recreation and Culture	293,456	--	--	43	293,499
Debt Service - Principal	52,453	1,193,000	--	170,000	1,415,453
Debt Service - Interest	2,493	53,535	--	12,882	68,910
Capital Outlay	645,573	--	364,822	221,743	1,232,138
Total Expenditures	4,504,509	1,246,535	388,590	1,487,121	7,626,755
Excess of Revenues Over (Under) Expenditures	(52,902)	(1,246,535)	413,989	21,264	(864,184)
Other Financing Sources (Uses)					
Bonds Issued	--	1,119,000	--	--	1,119,000
Discount on Refunding Bonds Issued	--	(2,958)	--	--	(2,958)
Transfers In	--	131,161	--	195,472	326,633
Transfers Out	(136,669)	--	--	(167,522)	(304,191)
Net Other Financing Sources (Uses)	(136,669)	1,247,203	--	27,950	1,138,484
Net Change in Fund Balance	(189,571)	668	413,989	49,214	274,300
<i>Fund Balance at Beginning of Period</i>	<i>2,202,360</i>	<i>--</i>	<i>(412,408)</i>	<i>689,664</i>	<i>2,479,616</i>
Fund Balance at End of Period	\$ 2,012,789	\$ 668	\$ 1,581	\$ 738,878	\$ 2,753,916

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	274,300
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		(163,665)
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$1,232,138 is in excess of depreciation expense of \$668,874 and loss on disposals of capital assets of \$21,386.		541,878
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		14,652
The change in net pension liability amounts does require the use of current resources and is not reported in the governmental funds.		515,003
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.		1,415,453
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.		(20,709)
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		520
Proceeds from debt issuance are reported as revenue in the fund statements, but reported as liabilities in the Statement of Net Position.		(1,119,000)
Changes in Net Position - Governmental Funds	\$	<u>1,458,432</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of St. Johns
Statement of Net Position
Proprietary Funds
June 30, 2018**

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water/Sewer Fund</u>	<u>Mobile Equipment Fund</u>
ASSETS		
<i>Current Assets</i>		
Cash and Investments	\$ 1,273,860	\$ 119,357
Receivables	925,079	--
Inventory	57,119	12,312
Total Current Assets	<u>2,256,058</u>	<u>131,669</u>
<i>Noncurrent Assets</i>		
Restricted Cash	1,297,632	--
Capital Assets not being Depreciated	169,161	--
Capital Assets being Depreciated	13,876,526	892,603
Total Assets	<u>17,599,377</u>	<u>1,024,272</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Amounts	156,719	--
Deferred Charge on Refunding	157,529	--
Total Deferred Outflows of Resources	<u>314,248</u>	<u>--</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	98,079	13,731
Accrued Liabilities	46,818	2,561
Accrued Interest	64,862	7,028
Current Portion of Compensated Absences	50,949	--
Current Portion of Long-term Debt	515,066	21,291
Due to Other Funds	1,340	--
Total Current Liabilities	<u>777,114</u>	<u>44,611</u>
<i>Noncurrent Liabilities</i>		
Compensated Absences	24,301	--
Long-term Debt	8,778,929	314,135
Net Pension Liability	2,704,268	--
Total Liabilities	<u>12,284,612</u>	<u>358,746</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Amounts	45,251	--
Total Deferred Inflows of Resources	<u>45,251</u>	<u>--</u>
NET POSITION		
Net Investment in Capital Assets	4,909,221	557,177
<i>Restricted for:</i>		
Debt Service	1,297,632	--
<i>Unrestricted</i>	(623,091)	108,349
Total Net Position	<u>\$ 5,583,762</u>	<u>\$ 665,526</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water/Sewer Fund</u>	<u>Mobile Equipment Fund</u>
Operating Revenues		
Charges for Services	\$ 3,825,370	\$ 324,783
Other Revenue	53,355	1,573
<i>Total Operating Revenues</i>	<u>3,878,725</u>	<u>326,356</u>
Operating Expenses		
Water Plant Operation	485,142	--
Water Distribution	438,346	--
Wastewater Plant Operation	904,140	--
Administrative	670,234	--
Mobile Equipment	--	338,454
Depreciation	912,307	140,144
<i>Total Operating Expenses</i>	<u>3,410,169</u>	<u>478,598</u>
<i>Operating Income (Loss)</i>	<u>468,556</u>	<u>(152,242)</u>
Non-Operating Revenues (Expenses)		
Interest Income	11,515	--
Interest Expense	(270,344)	(11,423)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>(258,829)</u>	<u>(11,423)</u>
<i>Income Before Contributions and Transfers</i>	209,727	(163,665)
Transfers In	--	--
Transfers Out	(22,442)	--
<i>Change In Net Position</i>	<u>187,285</u>	<u>(163,665)</u>
<i>Net Position at Beginning of Period</i>	5,396,477	829,191
<i>Net Position at End of Period</i>	<u>\$ 5,583,762</u>	<u>\$ 665,526</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water/Sewer Fund	Mobile Equipment Fund
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 3,893,822	\$ -
Receipts from Interfund Services	-	324,783
Payments to Suppliers	(1,610,780)	(272,320)
Payments to Employees	(1,091,572)	(64,876)
Other Revenue	53,355	1,573
<i>Net Cash Provided (Used) by Operating Activities</i>	1,244,825	(10,840)
Cash Flows from Noncapital and Related Financing Activities		
Due to Other Funds	(594,780)	-
Transfers Out	(22,442)	-
<i>Net Cash Used in Capital and Related Financing Activities</i>	(617,222)	-
Cash Flows from Capital and Related Financing Activities		
Net Disposal of Capital Assets	6,284	-
Purchase of Capital Assets	(10,800)	(110,933)
Interest Paid on Long-term Debt	(265,532)	(11,893)
Principal Paid on Long-term Debt	(660,066)	(20,641)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(930,114)	(143,467)
Cash Flows from Investing Activities		
Interest Received on Investments	11,515	-
<i>Net Cash from Investing Activities</i>	11,515	-
<i>Net Decrease in Cash and Cash Equivalents</i>	(290,996)	(154,307)
<i>Cash and Cash Equivalents Beginning of Period</i>	2,862,488	273,664
<i>Cash and Cash Equivalents End of Period</i>	\$ 2,571,492	\$ 119,357
Reconciliation to Statement of Net Position		
Cash and Investments	\$ 1,273,860	\$ 119,357
Restricted Cash	1,297,632	-
<i>Total</i>	\$ 2,571,492	\$ 119,357

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of St. Johns
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Fund
	Water/Sewer Fund	Mobile Equipment Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating Income (Loss)	\$ 468,556	\$ (152,242)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Cash from Operating Activities:		
Depreciation	912,307	140,144
Changes in Assets and Liabilities:		
Receivables	68,452	-
Inventories	7,720	95
Prepaid Items	670	-
Accounts Payable	26,737	1,215
Accrued Liabilities	5,606	(52)
Compensated Absences	8,437	-
Pension Related Amounts	(253,660)	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ 1,244,825	\$ (10,840)

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Statement of Fiduciary Net Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 7,065
<i>Total Assets</i>	<u>7,065</u>
LIABILITIES	
Due to Other Governments	7,065
<i>Total Liabilities</i>	<u>\$ 7,065</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Combining Statement of Net Position
Component Units
June 30, 2018

	Downtown Development Authority	Principal Shopping District	Development Finance Authority	Total Component Units
ASSETS				
Cash and Investments	\$ 57,212	\$ 22,146	\$ 158,520	\$ 237,878
Total Assets	57,212	22,146	158,520	237,878
LIABILITIES				
Total Liabilities	--	--	--	--
NET POSITION				
<i>Unrestricted</i>	57,212	22,146	158,520	237,878
Total Net Position	\$ 57,212	\$ 22,146	\$ 158,520	\$ 237,878

The Notes to the Financial Statements are an integral part of these Financial Statements

City of St. Johns
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2018

	Downtown Development Authority	Principal Shopping District	Development Finance Authority	Total Component Units
Expenses				
Community and Economic Development	\$ 18,040	\$ 61,985	\$ 82,647	\$ 162,672
Total Expenses	18,040	61,985	82,647	162,672
Program Revenues				
Operating Grants and Contributions	--	59,838	--	59,838
Total Program Revenues	--	59,838	--	59,838
Net Program Revenues (Expenses)	(18,040)	(2,147)	(82,647)	(102,834)
General Revenue				
Property Taxes	11,324	--	133,530	144,854
Interest Income	--	304	--	304
Total General Revenues	11,324	304	133,530	145,158
Change in Net Position	(6,716)	(1,843)	50,883	42,324
<i>Net Position at Beginning of Period</i>	63,928	23,989	107,637	195,554
Net Position at End of Period	\$ 57,212	\$ 22,146	\$ 158,520	\$ 237,878

The Notes to the Financial Statements are an integral part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

City of St. Johns

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

Building Authority - The Building Authority is governed by a three (3) member board appointed by the City Commission. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, stadiums and the necessary site or sites therefore for the use of the City.

Discretely Presented Component Units

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

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

City of St. Johns

Notes to the Financial Statements

Principal Shopping District (PSD) - The PSD is governed by a board of no less than nine (9) and no more than thirteen (13) directors. The board is comprised of owners and/or operators of downtown businesses, excepting by statute that one member shall be a representative of the City and one member shall be an adjacent neighborhood resident to the downtown area. The members are appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one (1) County representative to the board. The purpose of the PSD is to facilitate programs for an improved growth environment in and near downtown St. Johns, and to assist the downtown area in becoming a stronger mixed-use urban center by encouraging a variety of retail, service, professional, residential and recreational opportunities. The City has the ability to significantly influence operations of the PSD and also has a potential financial benefit or burden. The PSD is legally separate and fiscally independent of the City. The PSD is included in the City's audited financial statements and separate financial statements have not been issued.

Local Development Finance Authority (LDFA) - The LDFA is governed by a ten (10) member board, seven (7) of whom are appointed by the Chief Executive Officer, subject to approval by the City Commission, one (1) of whom is appointed by the Clinton County Board of Commissioners, and two (2) of whom are appointed by the chief executive officer of St. Johns Public Schools. The purpose of the LDFA is to eliminate the causes of unemployment, under-employment, and joblessness and to promote economic growth in the City, pursuant to Act 281 of the Public Acts of Michigan, 1986, as amended. The City has the ability to significantly influence operations of the LDFA and also has a potential financial benefit or burden. The LDFA is legally separate and fiscally independent of the City. The LDFA is included in the City's audited financial statements and separate financial statements have not been issued.

Joint Ventures

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

Clinton Area Ambulance Service Authority - The City is a member of the Clinton Area Ambulance Service Authority (CAASA), which is a joint venture agreement between the following municipalities: City of St. Johns, Village of Fowler, Village of Maple Rapids, Township of Bengal, Township of Bingham, Township of Dallas, Township of Essex, Township of Greenbush, Township of Lebanon, and Township of Riley. The City appoints two (2) of the eleven (11) members of the governing board. CAASA is considered a Municipal Emergency Service Authority as provided in the Emergency Services to Municipalities Act, 1988 PA57, and MCL 124.601.

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

City of St. Johns

Notes to the Financial Statements

The financial activities of CAASA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended March 31, 2018, are available at CAASA's administrative offices. As of March 31, 2018, CAASA had a net position of \$1,025,170.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected

City of St. Johns

Notes to the Financial Statements

within 60 days of the end of the current fiscal period or within one year for reimbursement basis grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The *2007 Building Authority Capital Improvement Bonds Debt Service Fund* is used to account for the payment of principal and interest of the 2007 capital improvement bonds and the 2017 refunding bonds.

The *Street Millage Capital Projects Fund* is used to account for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's streets.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for the operations of the water and sewer services to the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

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

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

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

City of St. Johns

Notes to the Financial Statements

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, liabilities, deferred outflows/inflows of resources, and equity

Cash and Cash Equivalents

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

State statutes and City policy authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

City of St. Johns

Notes to the Financial Statements

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. At year-end, the City deemed no allowances were necessary and, therefore, had none recorded.

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

Property taxes are levied by the City of St. Johns on July 1 and December 1 and are payable without penalty through August 14 and February 14, respectively. The July 1 levy was composed of the

City of St. Johns

Notes to the Financial Statements

County's levy, the State Education Tax assessment and the City's millage and assessments. The December 1 levy was composed of school taxes as well as any unpaid July 1 City levies. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by state statute to levy taxes up to 10 mills (\$10 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenditures. They are also permitted to levy additional mills specifically designated for garbage, and recreation services. For the year ended June 30, 2018, the City levied 9.4360 mills for general governmental services, 0.2488 for ACT 359, 0.5000 mills for garbage services, and 4.0000 for streets and sidewalks. The total taxable value for the 2017 levy for property within the City was \$199,298,364.

Inventories

Inventories in the Enterprise Fund consist of Water & Wastewater Department's 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

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

Capital assets

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

City of St. Johns

Notes to the Financial Statements

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

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

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

	<u>Years</u>
Land Improvements	5 - 25
Buildings and Improvements	20 - 40
Vehicles	5
Furniture and Other Assets	5
Drain Flowage Rights	25
Infrastructure	20
Sewer Lines	40
Pump Stations	20
Equipment	3 - 10

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

Deferred outflows of resources

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

Compensated absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, individual employees have vested rights to receive payment for unused vacation and sick leave.

City of St. Johns

Notes to the Financial Statements

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

Long-term obligations

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

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

Deferred inflows of resources

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

Fund balances

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

City of St. Johns

Notes to the Financial Statements

exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to 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.

Interfund transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenues. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, deferred outflows and inflows, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 - Budgetary Information

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

City of St. Johns

Notes to the Financial Statements

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before April 1, the City Manager submits to the City Commission, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general and special revenue funds. Informational summaries of projected revenues and expenditures are provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
- Public hearings are conducted to obtain taxpayer comments.
- In May, by resolution, the approved budgets of the City were adopted on the department level basis for all governmental funds for the ensuing fiscal year, in accordance with Public Act 621 of the State of Michigan.
- The City Manager, or his designee, is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the City Commission.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
- Budget appropriations lapse at year-end.
- The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget-to-actual expenditures in the financial statements represent the final budgeted expenditures as amended by the City Commission.
- 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.
- Budgetary comparison schedules are presented using Generally Accepted Accounting Principles for all reporting.

Note 3 - Deficit Net Position and Fund Balance

Governmental activities reported a deficit in unrestricted net position of \$3,442,469. Business-type activities and the Water and Sewer fund reported a deficit in unrestricted net position of \$623,091.

City of St. Johns

Notes to the Financial Statements

The Street Millage II capital projects fund reported a deficit fund balance of \$125,297 at year-end. This deficit is due to capital projects that are to be funded with future revenue that will be received from the 4.000 mill property tax for street improvements.

Note 4 - Excess of Expenditures over Budget

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The City's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the City for these budgeted funds were also adopted at the department level.

The City had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2018:

	Amended Budget	Actual	Variance
General Fund			
Administration	\$ 1,038,678	\$ 1,068,653	\$ (29,975)
Other	33,595	33,743	(148)
Capital Outlay	-	645,573	(645,573)
Transfers Out	129,099	136,669	(7,570)

Note 5 - Deposits and Investments

The City maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts.

Following is a reconciliation of deposit and investment balances as of June 30, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and Investments	\$ 3,875,813	\$ 237,878	\$ 4,113,691
Restricted Cash	1,297,632	-	1,297,632
Statement of Fiduciary Net Position			
Cash and Investments	7,065	-	7,065
Total	\$ 5,180,510	\$ 237,878	\$ 5,418,388

Deposits and Investments

Bank Deposits (checking and savings)	\$ 3,991,821
Certificates of Deposit	888,867
Investments	537,700
Total	\$ 5,418,388

City of St. Johns

Notes to the Financial Statements

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end, \$3,832,531 of the City's bank balance of \$4,832,531 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, City policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2018, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

Following is a summary of the City's investments as of June 30, 2018:

Other Investments	\$	537,700
Certificates of Deposit		888,867
	\$	<u>1,426,567</u>

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

Credit risk ratings, where applicable, are summarized as follows:

<u>Rating Agency</u>	<u>Rating</u>	<u>FMV</u>
S&P	AAAm	\$ 413,276
Not Rated	N/A	<u>1,013,291</u>
Total		<u>\$ 1,426,567</u>

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state

City of St. Johns

Notes to the Financial Statements

law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturity dates for investments and certificates of deposit held at year-end are summarized as follows:

	Certificates of Deposit	Investments
No Maturity	\$ -	\$ 413,276
Due Within One Year	888,867	124,424
	<u>\$ 888,867</u>	<u>\$ 537,700</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a % of the total investment portfolio. All investments held at year end are reported above.

Fair Value Measurements

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

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

City of St. Johns

Notes to the Financial Statements

As of June 30, 2018, the fair value measurements of investments and cash equivalents were as follows:

Investment Type	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 247,387	\$ -	\$ -
Uncategorized pooled investments	-	413,276	-
Total	\$ 247,387	\$ 413,276	\$ -

Note 6 - Receivables

Receivables are comprised of the following at year-end:

	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Total Primary Government
Receivables				
Accounts	\$ 194,503	\$ 18,875	\$ 925,079	\$ 1,138,457
Special Assessment	-	15,800	-	15,800
Due from State	182,620	134,891	-	317,511
Due from County	2,000	-	-	2,000
Total Receivables	\$ 379,123	\$ 169,566	\$ 925,079	\$ 1,473,768

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the deferred inflows of resources of \$15,800 reported in the governmental funds consisted entirely of special assessments and grants, which are expected to be received in future years.

City of St. Johns

Notes to the Financial Statements

Note 7 - Interfund Transactions

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
2007 BAC Improvement Bonds	Nonmajor Governmental Funds	\$ 97,499
2007 BAC Improvement Bonds	Water and Sewer	22,442
2007 BAC Improvement Bonds	General Fund	11,220
Nonmajor Governmental Funds	General Fund	125,449
Nonmajor Governmental Funds	Nonmajor Governmental Funds	70,023
		<u>\$ 326,633</u>

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

Interfund transfers in and out for the year ended June 30, 2018 are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Water and Sewer	\$ 1,340
General Fund	Nonmajor Governmental Funds	100,242
		<u>\$ 101,582</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.

City of St. Johns

Notes to the Financial Statements

Note 8 - Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deductions	Transfers/ Adjustments	Ending Balance
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 1,217,621	\$ 27,195	\$ -	-	\$ 1,244,816
Construction in Progress	76,220	-	-	(76,220)	-
Total Capital Assets not being Depreciated	1,293,841	27,195	-	(76,220)	1,244,816
Capital Assets being Depreciated					
Land Improvements	1,734,228	-	-	-	1,734,228
Buildings and Improvements	2,395,780	533,487	-	76,220	3,005,487
Vehicles	2,638,387	110,933	-	-	2,749,320
Furniture and Other Assets	234,698	54,055	-	-	288,753
Drain Flowage Rights	529,268	-	-	-	529,268
Infrastructure	13,724,437	617,401	(4,558,483)	-	9,783,355
Total Capital Assets being Depreciated	21,256,798	1,315,876	(4,558,483)	76,220	18,090,411
Accumulated Depreciation					
Land Improvements	863,395	77,669	-	-	941,064
Buildings and Improvements	1,088,801	66,978	-	-	1,155,779
Vehicles	1,674,735	151,039	-	-	1,825,774
Furniture and Other Assets	197,089	16,440	-	-	213,529
Drain Flowage Rights	99,631	11,198	-	-	110,829
Infrastructure	8,180,849	485,694	(4,537,097)	-	4,129,446
Total Accumulated Depreciation	12,104,500	809,018	(4,537,097)	-	8,376,421
Total Net Capital Assets being Depreciated	9,152,298	506,858	(21,386)	76,220	9,713,990
Total Capital Assets - Governmental Activities	\$ 10,446,139	\$ 534,053	\$ (21,386)	\$ -	10,958,806
Business-type Activities					
Capital Assets not being Depreciated					
Land	\$ 169,161	\$ -	\$ -	\$ -	\$ 169,161
Construction in Progress	-	-	-	-	-
Total Capital Assets not being Depreciated	169,161	-	-	-	169,161
Capital Assets being Depreciated					
Water System	5,874,226	10,800	(21,298)	-	5,863,728
Sewer System	26,541,264	-	(82,640)	-	26,458,624
Water and Sewer Equipment	1,053,682	-	(43,677)	-	1,010,005
Total Capital Assets being Depreciated	33,469,172	10,800	(147,615)	-	33,332,357
Accumulated Depreciation					
Water System	3,881,230	99,499	(21,298)	-	3,959,431
Sewer System	14,109,483	784,417	(81,652)	-	14,812,248
Water and Sewer Equipment	694,142	28,391	(38,381)	-	684,152
Total Accumulated Depreciation	18,684,855	912,307	(141,331)	-	19,455,831
Total Net Capital Assets being Depreciated	14,784,317	(901,507)	(6,284)	-	13,876,526
Total Capital Assets - Business-type Activities	\$ 14,953,478	\$ (901,507)	\$ (6,284)	\$ -	\$ 14,045,687

City of St. Johns

Notes to the Financial Statements

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

Governmental Activities	
General Government	\$ 51,936
Public Safety	10,247
Public Works	556,099
Recreation and Culture	50,592
Internal Service Funds	140,144
Total Governmental Activities	\$ 809,018
Business-type Activities	
Water and Sewer	\$ 912,307

Note 9 - Long-term Debt

Long-term debt descriptions are as follows:

Governmental Activities

1998 Building Authority Bonds, \$1,400,000, with a final installment of \$110,000 due on October 1, 2018, interest at 4.375%.

2003 Michigan Transportation Fund Bonds, \$480,000, with a final installment of \$70,000 due on August 1, 2018, interest at 4.200% payable semi-annually.

2007 Capital Improvement Bonds, \$1,850,000, with future annual installments ranging from \$80,000 to \$130,000 through April 1, 2027, interest ranging from 4.000% to 4.125%. This was redeemed into the 2017 refunding bonds during the year.

2017 Refunding Bonds, \$1,119,000, with future semi-annual installments ranging from \$56,000 to \$100,000 through April 1, 2024, interest at 1.980%.

Installment Note Payable, to purchase land of \$536,000, with a final installment of \$35,818 due on July 1, 2019, interest at 4.675%.

CDBG loan of \$1,100,000 for expansion of the City's industrial park, governmental portion, at quarterly installments of \$6,271 through August 1, 2020 at 0.000% interest.

Internal Service Fund

Installment Note Payable, to purchase a pumper tanker fire truck of \$376,615, due in annual installments of \$31,833 through November 1, 2030, including interest at 3.000%.

City of St. Johns

Notes to the Financial Statements

Business-type Activities

Water Supply and Sewage Disposal System Revenue Refunding Bonds dated May 24, 2005, \$3,240,000, with annual installments ranging from \$500,000 to \$575,000 through October 1, 2017, with interest ranging from 3.900% to 5.000% payable semi-annually.

Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 16, 2013, \$2,845,000, with future annual installments of \$15,000 to \$300,000 through October 1, 2027, interest at 3.150% payable semi-annually.

Water Supply and Sewage Disposal System Revenue Refunding Bonds dated October 20, 2016, \$6,535,000, with future annual installments of \$55,000 to \$755,000 through October 1, 2032, interest at 2.650% payable semi-annually.

CDBG loan of \$1,100,000 for expansion of the City's industrial park, enterprise portion, due in quarterly installments of \$6,271 through August 1, 2020 at 0.000% interest.

Long-term debt activity for the year ended June 30, 2018, was as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities					
2017 Refunding Bonds - GO	\$ -	\$ 1,119,000	\$ 98,000	\$ 1,021,000	\$ 112,000
1998 Bldg. Auth. Bonds - Courthouse	215,000	-	105,000	110,000	110,000
2003 MI Transportation Refunding Bonds	135,000	-	65,000	70,000	70,000
2007 Capital Improvement Bonds	1,095,000	-	1,095,000	-	-
Installment Note - Industrial Park Land Purchase	70,817	-	35,000	35,817	35,817
State of MI-CDBG	56,719	-	17,453	39,266	17,453
Internal Service Fund					
Installment Note - Pumper Tanker Fire Truck	356,068	-	20,642	335,426	21,291
Total Governmental Activities Long-term Debt	<u>\$ 1,928,604</u>	<u>\$ 1,119,000</u>	<u>\$ 1,436,095</u>	<u>\$ 1,611,509</u>	<u>\$ 366,561</u>
Compensated Absences	\$ 185,238	\$ -	\$ 520	\$ 184,718	\$ 122,582
Business-type Activities					
2005 Water and Sewer Rev. Bonds	\$ 575,000	-	575,000	\$ -	\$ -
2013 Water and Sewer Rev. Bonds	2,800,000	-	15,000	2,785,000	300,000
2016 Water and Sewer Rev. Bonds	6,535,000	-	55,000	6,480,000	200,000
State of MI-CDBG	24,799	-	7,631	17,168	7,631
Total Business-type Long-term Debt	<u>9,934,799</u>	<u>-</u>	<u>652,631</u>	<u>9,282,168</u>	<u>507,631</u>
Net Bond Premium / Discount	19,262	-	7,435	11,827	7,435
Total Business-type Activities	<u>\$ 9,954,061</u>	<u>\$ -</u>	<u>\$ 660,066</u>	<u>\$ 9,293,995</u>	<u>\$ 515,066</u>
Compensated Absences	\$ 66,813	\$ 8,437	\$ -	\$ 75,250	\$ 50,949

City of St. Johns

Notes to the Financial Statements

Annual debt service requirements to maturity for long-term debt (excluding compensated absences and bond premium/discount) are as follows:

Year Ended June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 366,561	\$ 34,917	\$ 401,478	\$ 507,631	\$ 252,073	\$ 759,704
2020	224,413	26,951	251,364	522,631	237,124	759,755
2021	216,983	22,603	239,586	526,904	221,956	748,860
2022	217,361	18,085	235,446	540,000	206,570	746,570
2023	223,095	13,480	236,575	555,000	190,786	745,786
2024 - 2028	273,308	28,950	302,258	3,045,002	699,564	3,744,566
2029 - 2033	89,788	5,711	95,499	3,585,000	242,541	3,827,541
Total	\$ 1,611,509	\$ 150,697	\$ 1,762,206	\$ 9,282,168	\$ 2,050,614	\$ 11,332,782

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above governmental activities totals. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

Advance Refunding

In October 2017, the City issued \$1,119,000 of General Obligation Limited Tax Refunding Bonds, Series 2017 to advance refund the City’s 2007 Capital Improvement Bonds in the amount of \$1,095,000. The proceeds of the bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payment on the refunded debt. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. During 2018, defeased debt in the amount of \$1,095,000 was called and paid in full. The refunding resulted in a net cash savings of \$135,502 and an economic gain of \$90,933.

Note 10 - Risk Management

Primary Government

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

The City also participates in a State pool, the Michigan Municipal League Liability & Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool’s claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the

City of St. Johns

Notes to the Financial Statements

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.

Note 11 - Contingent Liabilities

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

Note 12 - Pension Plans

Defined Contribution Plans

The City is the sponsor of a defined contribution retirement plan for the sole benefit of its employees. The plan is administered by the Michigan Municipal Employees Retirement System. The plan was established by the City Commission. Plan provisions and contribution requirements can be amended by the City Commission. Non-union employees hired after May 31, 2003 receive 8% of their wages as a contribution to the plan. Non-union new hires have an irrevocable option at the time of hire to contribute 2% of their wages to the plan and the City matches this contribution. If this option is refused, then the 8% City funding is what is received. Union employees hired after July 1, 2007 receive 8% of their wages as a contribution to the plan. The City will match up to 4% of additional contributions for a total maximum contribution of 16%. Non-union employees hired after December 1, 2012 receive a 4% contribution with no additional match. A separate negotiated division receives a 10% match by the City. During the year ended June 30, 2018, the City made contributions for all eligible participating employees. To be eligible to participate, an employee must be full time. Elected officials and volunteer firefighters are not eligible for this plan.

During the year, contributions of \$24,392 and \$111,467 were made by the employees and employer, respectively, in accordance with contribution requirements established by the City Commission.

The City also sponsors a defined contribution plan administered by ICMA where the eligible employees receive a 10% contribution by the City. During the year, City contributions of \$26,798 were made by the employer in accordance with contribution requirements established by the City Commission.

Defined Benefit - Michigan Municipal Employees' Retirement System

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and

City of St. Johns

Notes to the Financial Statements

administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
General - Closed	2.50%	80%	3	60	50/25 or 55/20	55/15	10
Police/Fire - Closed	2.50%	80%	3	60	50/25	55/15	10
Library - Closed	2.50%	80%	3	60	50/25 or 55/20	55/15	10
City Manager - Closed	2.25%	80%	3	60	N/A	50/25 or 55/15	10
Water/Sewer - Closed	2.50%	80%	3	60	50/25	55/15	10

Employees Covered by Benefit Terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	53
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	14
Total employees covered by MERS	72

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2018, the City had the following contribution rates:

Division	Employee Contributions	Employer Contributions
General - Closed	0.00%	\$20,570 / month
Police/Fire - Closed	0.00%	\$24,208 / month
Library - Closed	0.00%	\$3,316 / month
City Manager - Closed	4.50%	\$579 / month
Water/Sewer - Closed	0.00%	\$31,534 / month

City of St. Johns

Notes to the Financial Statements

Net Pension Liability

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2017.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%
	<u>100.0%</u>	

City of St. Johns

Notes to the Financial Statements

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Changes in Net Pension Liability</u>	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 17,584,767	\$ 8,029,317	\$ 9,555,450
Service cost	94,111	-	94,111
Interest	1,356,935	-	1,356,935
Difference between expected and actual experience	(699,069)	-	(699,069)
Contributions - Employer	-	1,077,978	(1,077,978)
Net investment income	-	1,051,371	(1,051,371)
Benefit payments, including refunds	(1,340,279)	(1,340,279)	-
Administrative expenses	-	(16,672)	16,672
Net changes	(588,302)	772,398	(1,360,700)
Balance at December 31, 2017	\$ 16,996,465	\$ 8,801,715	\$ 8,194,750

The net pension liability was allocated to governmental activities (\$5,490,482) and business-type activities (\$2,704,268).

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

The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current	1% Increase
	(7.00%)	Discount Rate (8.00%)	(9.00%)
Net pension liability of the City	\$ 9,892,292	\$ 8,194,750	\$ 6,747,252

City of St. Johns

Notes to the Financial Statements

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

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

For the year ended June 30, 2018 the City recognized pension expense of \$190,881.

The City reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	\$ -	\$ 137,125
* Employer contributions to the plan subsequent to the measurement date	474,906	-
Total	\$ 474,906	\$ 137,125

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2018.

The deferred outflows were allocated to governmental activities (\$318,187) and business-type activities (\$156,719). Additionally, the deferred inflows were allocated to governmental activities (\$91,874) and business-type activities (\$45,251).

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

Years Ending June 30	Amount
2019	\$ 56,415
2020	25,224
2021	(134,727)
2022	(84,037)

Note 13 - Commitments

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 ninety-nine (99) years, at a rate of \$1 per year.

City of St. Johns

Notes to the Financial Statements

The terms of the construction agreement dictate that the City shall pay 9.2% 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 (10) years following occupancy (“termination date”). For ten (10) years following the termination date, the County or City may terminate the lease subject to varying percentage payments reimbursing the City for their 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.

At June 30, 2018, the City held operating lease agreements for heavy equipment, copiers, and a postage meter. Future minimum lease commitments are as follows:

Years Ending June 30,	Amount
2019	\$ 7,877
2020	2,166
Total	\$ 10,043

Total lease expense for the year ended June 30, 2018 was \$13,898.

Note 14 - Fund Balances – Governmental Funds

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	2007 Building Authority Capital Improvement Bonds	Street Millage	Nonmajor Governmental Funds	Total
Nonspendable for					
Prepaid Items	\$ 32,020	\$ -	\$ -	\$ -	\$ 32,020
Total Nonspendable	32,020	-	-	-	32,020
Restricted for					
Drug Law Enforcement	-	-	-	4,196	4,196
Streets	-	-	-	703,725	703,725
Debt Service	-	668	-	-	668
Garbage	-	-	-	141,167	141,167
Capital Projects	-	-	1,581	15,087	16,668
Total Restricted	-	668	1,581	864,175	866,424
Unassigned	1,980,769	-	-	(125,297)	1,855,472
Total Fund Balances - Governmental Funds	\$ 2,012,789	\$ 668	\$ 1,581	\$ 738,878	\$ 2,753,916

City of St. Johns

Notes to the Financial Statements

Note 15 - Tax Abatement Disclosure

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2018, the City's property taxes were reduced by \$22,711 under this program.

The Commercial Rehabilitation Act, PA 210 of 2005, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. 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 certificates. Exemptions are not effective until approved by the STC. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2018, the City's property taxes were reduced by \$435 under this program.

Note 16 - Subsequent Events

Subsequent events have been evaluated through November 28, 2018, the date the financial statements were available to be issued. On August 27, 2018, the City has approved the site plans for both Spartan Michigan and Proliant Dairy Michigan, and authorized E.T. MacKenzie Company's work on the drain relocation project.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 1,971,750	\$ 1,971,750	\$ 1,971,666	\$ (84)
Licenses and Permits	17,000	17,000	22,770	5,770
Intergovernmental Revenue	1,073,859	1,075,094	1,239,865	164,771
Charges for Services	520,800	936,865	957,568	20,703
Fines and Forfeitures	29,000	29,000	25,939	(3,061)
Interest and Rentals	23,630	23,630	32,905	9,275
Other Revenue	88,000	89,529	200,894	111,365
Total Revenues	<u>3,724,039</u>	<u>4,142,868</u>	<u>4,451,607</u>	<u>308,739</u>
Expenditures				
General Government				
Legislative	347,991	356,141	344,919	11,222
Administration	1,026,828	1,038,678	1,068,653	(29,975)
Municipal Building	106,272	106,272	105,426	846
Other	33,595	33,595	33,743	(148)
Total General Government	<u>1,514,686</u>	<u>1,534,686</u>	<u>1,552,741</u>	<u>(18,055)</u>
Public Safety				
Police Department	1,461,094	1,463,823	1,395,764	68,059
Fire Department	222,909	224,359	199,743	24,616
Total Public Safety	<u>1,684,003</u>	<u>1,688,182</u>	<u>1,595,507</u>	<u>92,675</u>
Public Works				
Department of Public Works	369,176	400,176	362,286	37,890
Recreation and Culture				
Parks Department	404,116	589,616	133,926	455,690
Recreation Department	163,624	160,674	159,530	1,144
Total Recreation and Culture	<u>567,740</u>	<u>750,290</u>	<u>293,456</u>	<u>456,834</u>
Debt Service				
Debt Service - Principal	60,084	60,084	52,453	7,631
Debt Service - Interest	2,493	2,493	2,493	--
Capital Outlay	<u>--</u>	<u>--</u>	<u>645,573</u>	<u>(645,573)</u>
Total Expenditures	<u>4,198,182</u>	<u>4,435,911</u>	<u>4,504,509</u>	<u>(68,598)</u>
Other Financing Uses				
Transfers Out	130,149	129,099	136,669	(7,570)
Total Expenditures and Other Financing Uses	<u>4,328,331</u>	<u>4,565,010</u>	<u>4,641,178</u>	<u>(76,168)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses				
Net Change in Fund Balance	<u>(604,292)</u>	<u>(422,142)</u>	<u>(189,571)</u>	<u>232,571</u>
Fund Balance at Beginning of Period	2,202,360	2,202,360	2,202,360	--
Fund Balance at End of Period	<u>\$ 1,598,068</u>	<u>\$ 1,780,218</u>	<u>\$ 2,012,789</u>	<u>\$ 232,571</u>

City of St. Johns
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Years

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 94,111	\$ 102,314	\$ 104,868	\$ 102,554
Interest	1,356,935	1,349,463	1,322,685	1,315,290
Differences Between Expected and Actual Experience	(699,069)	(5,998)	73,277	-
Changes in Assumptions	-	-	685,498	-
Benefit Payments, Including Refunds	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Net Change in Pension Liability	(588,302)	89,500	843,976	101,462
<i>Total Pension Liability - Beginning</i>	17,584,767	17,495,267	16,651,291	16,549,829
Total Pension Liability - Ending (a)	\$ 16,996,465	\$ 17,584,767	\$ 17,495,267	\$ 16,651,291
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,077,978	\$ 762,754	\$ 702,800	\$ 663,817
Contributions - Member	-	3,938	4,095	4,054
Net Investment Income	1,051,371	851,897	(120,666)	533,601
Benefit Payments, Including Refunds	(1,340,279)	(1,356,279)	(1,342,352)	(1,316,382)
Administrative Expenses	(16,672)	(16,847)	(18,062)	(19,451)
Net Change in Plan Fiduciary Net Position	772,398	245,463	(774,185)	(134,361)
<i>Plan Fiduciary Net Position - Beginning</i>	8,029,317	7,783,854	8,558,039	8,692,400
Plan Fiduciary Net Position - Ending (b)	\$ 8,801,715	\$ 8,029,317	\$ 7,783,854	\$ 8,558,039
Net Pension Liability - Ending (a) - (b)	\$ 8,194,750	\$ 9,555,450	\$ 9,711,413	\$ 8,093,252
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.79%	45.66%	44.49%	51.40%
Covered Employee Payroll	\$ 801,333	\$ 865,538	\$ 889,705	\$ 870,041
Net Pension Liability as a Percentage of Covered Employee Payroll	1022.64%	1103.99%	1091.53%	930.22%

* Built prospectively upon implementation on GASB 68

City of St. Johns
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 844,980	\$ 762,754	\$ 702,800	\$ 663,817	\$ 588,494	\$ 529,567	\$ 504,854	\$ 460,240	\$ 422,971	\$ 415,584
Contributions in Relation to the Actuarially Determined Contribution	<u>1,077,978</u>	<u>762,754</u>	<u>702,800</u>	<u>663,817</u>	<u>588,494</u>	<u>529,567</u>	<u>504,854</u>	<u>460,240</u>	<u>422,971</u>	<u>415,584</u>
Contribution Deficiency (Excess)	<u>\$ (232,998)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 801,333	\$ 870,370	\$ 877,622	\$ 879,873	\$ 919,396	\$ 921,051	\$ 1,152,871	\$ 1,303,664	\$ 1,696,349	\$ 1,645,368
Contributions as a Percentage of Covered Employee Payroll	135%	88%	80%	75%	64%	57%	44%	35%	25%	25%

Notes

Valuation date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	10 Years
Asset valuation method	5-year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.75%
Retirement Age	Varies, depending on plan adoption
Mortality	50% Female / 50% Male RP-2014 Group Annuity Mortality Table

OTHER SUPPLEMENTARY INFORMATION

City of St. Johns

Nonmajor Governmental Fund Descriptions

Special Revenue Funds

Major Street - 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.

Local Street - 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.

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

Library - This fund accounts for all revenues received by the City for the operation and maintenance of the public library. Financing is provided primarily by an annual property tax levy, penal fines distributed by the county, and through donations.

Garbage - This fund accounts for all revenues received by the City for the operation and maintenance of the garbage services. Financing is provided primarily by an annual property tax levy and charges for services.

Debt Service Funds

2003 Michigan Transportation Fund Bonds - This fund accounts for the payment of the 2003 Michigan Transportation Fund Bonds related to major streets.

1998 Courthouse Building Authority Fund Bonds - This fund is used to account for payment of principal and interest of bonds related to the Courthouse project. Funding is set aside from the General Fund's operating revenue.

Capital Project Funds

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

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

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

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

**City of St. Johns
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue					Debt Service	
	Major Streets	Local Streets	Drug Law Enforcement	Library	Garbage	2003 Michigan Transportation Fund Bonds	Building Authority Fund Bonds
ASSETS							
Cash and Investments	\$ 468,889	\$ 127,576	\$ 4,196	\$ 2,468	\$ 152,079	\$ --	\$ --
Receivables	97,270	37,621	--	--	18,875	--	--
<i>Total Assets</i>	\$ 566,159	\$ 165,197	\$ 4,196	\$ 2,468	\$ 170,954	\$ --	\$ --
LIABILITIES							
Accounts Payable	\$ 18,667	\$ 6,720	\$ --	\$ --	\$ 27,692	\$ --	\$ --
Accrued Liabilities	1,067	1,177	--	2,468	2,095	--	--
Due to Other Funds	--	--	--	--	--	--	--
<i>Total Liabilities</i>	19,734	7,897	--	2,468	29,787	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	19,734	7,897	--	2,468	29,787	--	--
FUND BALANCE							
Restricted	546,425	157,300	4,196	--	141,167	--	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	546,425	157,300	4,196	--	141,167	--	--
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 566,159	\$ 165,197	\$ 4,196	\$ 2,468	\$ 170,954	\$ --	\$ --

**City of St. Johns
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Capital Projects				Total Nonmajor Governmental Funds
	Fantasy Forest	Splash Park	Revolving Special Assessment	Street Millage II	
ASSETS					
Cash and Investments	\$ 5,809	\$ 5,565	\$ 3,713	\$ 5,754	\$ 776,049
Receivables	--	--	15,800	--	169,566
<i>Total Assets</i>	\$ 5,809	\$ 5,565	\$ 19,513	\$ 5,754	\$ 945,615
LIABILITIES					
Accounts Payable	\$ --	\$ --	\$ --	\$ 30,809	\$ 83,888
Accrued Liabilities	--	--	--	--	6,807
Due to Other Funds	--	--	--	100,242	100,242
<i>Total Liabilities</i>	--	--	--	131,051	190,937
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	--	--	15,800	--	15,800
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	--	15,800	131,051	206,737
FUND BALANCE					
Restricted	5,809	5,565	3,713	--	864,175
Unassigned	--	--	--	(125,297)	(125,297)
<i>Total Fund Balance</i>	5,809	5,565	3,713	(125,297)	738,878
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 5,809	\$ 5,565	\$ 19,513	\$ 5,754	\$ 945,615

City of St. Johns
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue					Debt Service	
	Major Streets	Local Streets	Drug Law Enforcement	Library	Garbage	2003 Michigan Transportation Fund Bonds	Building Authority Fund Bonds
Revenues							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 108,698	\$ --	\$ --
Intergovernmental Revenue	626,232	219,971	--	--	--	--	--
Charges for Services	--	--	--	--	537,662	--	--
Interest and Rentals	5	--	--	--	203	--	--
Other Revenue	2,079	4,972	--	43	5,125	--	--
Total Revenues	<u>628,316</u>	<u>224,943</u>	<u>--</u>	<u>43</u>	<u>651,688</u>	<u>--</u>	<u>--</u>
Expenditures							
Public Works	249,892	229,632	--	--	595,147	--	--
Recreation and Culture	--	--	--	43	--	--	--
Debt Service - Principal	--	--	--	--	--	65,000	105,000
Debt Service - Interest	--	--	--	--	--	5,023	7,859
Capital Outlay	--	104,228	--	--	--	--	--
Total Expenditures	<u>249,892</u>	<u>333,860</u>	<u>--</u>	<u>43</u>	<u>595,147</u>	<u>70,023</u>	<u>112,859</u>
Excess of Revenues Over (Under) Expenditures	<u>378,424</u>	<u>(108,917)</u>	<u>--</u>	<u>--</u>	<u>56,541</u>	<u>(70,023)</u>	<u>(112,859)</u>
Other Financing Sources (Uses)							
Transfers In	--	12,590	--	--	--	70,023	112,859
Transfers Out	(167,522)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>(167,522)</u>	<u>12,590</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>70,023</u>	<u>112,859</u>
Net Change in Fund Balance	210,902	(96,327)	--	--	56,541	--	--
Fund Balance at Beginning of Period	<u>335,523</u>	<u>253,627</u>	<u>4,196</u>	<u>--</u>	<u>84,626</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Period	\$ 546,425	\$ 157,300	\$ 4,196	\$ --	\$ 141,167	\$ --	\$ --

City of St. Johns
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Capital Projects				Total Nonmajor Governmental Funds
	Fantasy Forest	Splash Park	Revolving Special Assessment	Street Millage II	
Revenues					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 108,698
Intergovernmental Revenue	--	--	--	--	846,203
Charges for Services	--	--	--	--	537,662
Interest and Rentals	--	--	864	--	1,072
Other Revenue	--	--	2,531	--	14,750
Total Revenues	--	--	3,395	--	1,508,385
Expenditures					
Public Works	--	--	--	7,782	1,082,453
Recreation and Culture	--	--	--	--	43
Debt Service - Principal	--	--	--	--	170,000
Debt Service - Interest	--	--	--	--	12,882
Capital Outlay	--	--	--	117,515	221,743
Total Expenditures	--	--	--	125,297	1,487,121
Excess of Revenues Over (Under) Expenditures	--	--	3,395	(125,297)	21,264
Other Financing Sources (Uses)					
Transfers In	--	--	--	--	195,472
Transfers Out	--	--	--	--	(167,522)
Net Other Financing Sources (Uses)	--	--	--	--	27,950
Net Change in Fund Balance	--	--	3,395	(125,297)	49,214
<i>Fund Balance at Beginning of Period</i>	5,809	5,565	318	--	689,664
Fund Balance at End of Period	\$ 5,809	\$ 5,565	\$ 3,713	\$ (125,297)	\$ 738,878

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Streets
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental Revenue	\$ 516,500	\$ 516,500	\$ 626,232	\$ 109,732
Interest and Rentals	--	--	5	5
Other Revenue	--	--	2,079	2,079
<i>Total Revenues</i>	<u>516,500</u>	<u>516,500</u>	<u>628,316</u>	<u>111,816</u>
Expenditures				
Public Works	241,982	286,357	249,892	36,465
<i>Total Expenditures</i>	<u>241,982</u>	<u>286,357</u>	<u>249,892</u>	<u>36,465</u>
Other Financing Uses				
Transfers Out	214,637	214,637	167,522	47,115
<i>Total Expenditures and Other Financing Uses</i>	<u>456,619</u>	<u>500,994</u>	<u>417,414</u>	<u>83,580</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i>	<u>59,881</u>	<u>15,506</u>	<u>210,902</u>	<u>195,396</u>
<i>Net Change in Fund Balance</i>	59,881	15,506	210,902	195,396
<i>Fund Balance at Beginning of Period</i>	335,523	335,523	335,523	--
<i>Fund Balance at End of Period</i>	\$ 395,404	\$ 351,029	\$ 546,425	\$ 195,396

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Streets
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Intergovernmental Revenue	\$ 200,000	\$ 200,000	\$ 219,971	\$ 19,971
Other Revenue	--	--	4,972	4,972
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>224,943</u>	<u>24,943</u>
Other Financing Sources				
Transfers In	50,000	50,000	12,590	(37,410)
Total Revenues and Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>237,533</u>	<u>(12,467)</u>
Expenditures				
Public Works	279,959	356,322	229,632	126,690
Capital Outlay	--	--	104,228	(104,228)
Total Expenditures	<u>279,959</u>	<u>356,322</u>	<u>333,860</u>	<u>22,462</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>(29,959)</u>	<u>(106,322)</u>	<u>(96,327)</u>	<u>9,995</u>
Net Change in Fund Balance	<u>(29,959)</u>	<u>(106,322)</u>	<u>(96,327)</u>	<u>9,995</u>
<i>Fund Balance at Beginning of Period</i>	253,627	253,627	253,627	--
Fund Balance at End of Period	<u>\$ 223,668</u>	<u>\$ 147,305</u>	<u>\$ 157,300</u>	<u>\$ 9,995</u>

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Drug Law Enforcement
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
Revenues				
<i>Total Revenues</i>	--	--	--	--
Expenditures				
<i>Total Expenditures</i>	--	--	--	--
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	--	--	--	--
<i>Net Change in Fund Balance</i>	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	4,196	4,196	4,196	--
<i>Fund Balance at End of Period</i>	\$ 4,196	\$ 4,196	\$ 4,196	\$ --

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
Revenues				
Other Revenue	\$ --	\$ --	\$ 43	\$ 43
<i>Total Revenues</i>	<u>--</u>	<u>--</u>	<u>43</u>	<u>43</u>
Expenditures				
Recreation and Culture	--	--	43	(43)
<i>Total Expenditures</i>	<u>--</u>	<u>--</u>	<u>43</u>	<u>(43)</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Fund Balance at Beginning of Period</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Fund Balance at End of Period</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

City of St. Johns
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Garbage
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 100,025	\$ 100,025	\$ 108,698	\$ 8,673
Charges for Services	538,500	538,500	537,662	(838)
Interest and Rentals	--	--	203	203
Other Revenue	--	--	5,125	5,125
Total Revenues	<u>638,525</u>	<u>638,525</u>	<u>651,688</u>	<u>13,163</u>
Expenditures				
Public Works	613,982	658,702	595,147	63,555
Total Expenditures	<u>613,982</u>	<u>658,702</u>	<u>595,147</u>	<u>63,555</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>24,543</u>	<u>(20,177)</u>	<u>56,541</u>	<u>76,718</u>
Net Change in Fund Balance	<u>24,543</u>	<u>(20,177)</u>	<u>56,541</u>	<u>76,718</u>
<i>Fund Balance at Beginning of Period</i>	84,626	84,626	84,626	--
Fund Balance at End of Period	<u>\$ 109,169</u>	<u>\$ 64,449</u>	<u>\$ 141,167</u>	<u>\$ 76,718</u>

City of St. Johns

Fiduciary Fund Descriptions

FIDUCIARY FUNDS

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

Tax Collection - This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state, county, school districts, and other governments.

City of St. Johns
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Agency		
	Trust and Agency	Tax Collection	Total
ASSETS			
Cash and Investments	\$ 6,065	\$ 1,000	\$ 7,065
<i>Total Assets</i>	6,065	1,000	7,065
LIABILITIES			
Due to Other Governments	6,065	1,000	7,065
<i>Total Liabilities</i>	\$ 6,065	\$ 1,000	\$ 7,065

City of St. Johns
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2018

Tax Collection

	June 30, 2017	Additions	Deductions	June 30, 2018
ASSETS				
Cash and Investments	\$ 1,000	\$ 9,366,568	\$ 9,366,568	\$ 1,000
<i>Total Assets</i>	<u>1,000</u>	<u>9,366,568</u>	<u>9,366,568</u>	<u>1,000</u>
LIABILITIES				
Due to Other Governments	1,000	9,366,568	9,366,568	1,000
<i>Total Liabilities</i>	<u>\$ 1,000</u>	<u>\$ 9,366,568</u>	<u>\$ 9,366,568</u>	<u>\$ 1,000</u>

Trust and Agency

	June 30, 2017	Additions	Deductions	June 30, 2018
ASSETS				
Cash and Investments	\$ 56,435	\$ 915,705	\$ 966,075	\$ 6,065
<i>Total Assets</i>	<u>56,435</u>	<u>915,705</u>	<u>966,075</u>	<u>6,065</u>
LIABILITIES				
Due to Other Governments	56,435	915,705	966,075	6,065
<i>Total Liabilities</i>	<u>\$ 56,435</u>	<u>\$ 915,705</u>	<u>\$ 966,075</u>	<u>\$ 6,065</u>

Total

	June 30, 2017	Additions	Deductions	June 30, 2018
ASSETS				
Cash and Investments	\$ 57,435	\$ 10,282,273	\$ 10,332,643	\$ 7,065
<i>Total Assets</i>	<u>57,435</u>	<u>10,282,273</u>	<u>10,332,643</u>	<u>7,065</u>
LIABILITIES				
Due to Other Governments	57,435	10,282,273	10,332,643	7,065
<i>Total Liabilities</i>	<u>\$ 57,435</u>	<u>\$ 10,282,273</u>	<u>\$ 10,332,643</u>	<u>\$ 7,065</u>

City of St. Johns

Component Unit Fund Descriptions

COMPONENT UNITS

Downtown Development Authority - This fund is designed to assist in the economic growth of the central business district. Recaptured property taxes are the primary source of income for the DDA.

Principal Shopping District - This fund was created for the purpose of facilitating programs for an improved growth environment in and near downtown St. Johns.

Local Development Finance Authority Fund - This fund was established to provide a source of revenue for the LDFA to undertake various capital and public infrastructure improvements within the LDFA district. Recaptured property taxes are the primary source of income for the LDFA.

City of St. Johns
Combining Statement of Net Position / Balance Sheet
Component Units
June 30, 2018

Governmental Activities

	Downtown Development Authority	Adjustments	Statement of Net Position	Principal Shopping District	Adjustments	Statement of Net Position	Local Development Finance Authority	Adjustments	Statement of Net Position
ASSETS									
Cash and Investments	\$ 57,212	\$ --	\$ 57,212	\$ 22,146	\$ --	\$ 22,146	\$ 158,520	\$ --	\$ 158,520
Total Assets	<u>57,212</u>	<u>--</u>	<u>57,212</u>	<u>22,146</u>	<u>--</u>	<u>22,146</u>	<u>158,520</u>	<u>--</u>	<u>158,520</u>
NET POSITION / FUND BALANCE									
Unassigned / Unrestricted	57,212	--	57,212	22,146	--	22,146	158,520	--	158,520
Total Net Position / Fund Balance	<u>\$ 57,212</u>	<u>\$ --</u>	<u>\$ 57,212</u>	<u>\$ 22,146</u>	<u>\$ --</u>	<u>\$ 22,146</u>	<u>\$ 158,520</u>	<u>\$ --</u>	<u>\$ 158,520</u>

City of St. Johns
Combining Statement of Activities / Statement of Revenues, Expenditures, and Changes in Fund Balance
Component Units
For the Year Ended June 30, 2018

Governmental Activities									
	Downtown Development Authority	Adjustments	Statement of Activities	Principal Shopping District	Adjustments	Statement of Activities	Local Development Finance Authority	Adjustments	Statement of Activities
Expenses / Expenditures									
Community and Economic Development	\$ 18,040	\$ --	\$ 18,040	\$ 61,985	\$ --	\$ 61,985	\$ 82,647	\$ --	\$ 82,647
Total Expenses	<u>18,040</u>	<u>--</u>	<u>18,040</u>	<u>61,985</u>	<u>--</u>	<u>61,985</u>	<u>82,647</u>	<u>--</u>	<u>82,647</u>
Program Revenues									
Operating Grants and Contributions	--	--	--	59,838	--	59,838	--	--	--
Total Program Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>59,838</u>	<u>--</u>	<u>59,838</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Program Revenues (Expenses)	<u>(18,040)</u>	<u>--</u>	<u>(18,040)</u>	<u>(2,147)</u>	<u>--</u>	<u>(2,147)</u>	<u>(82,647)</u>	<u>--</u>	<u>(82,647)</u>
General Revenue									
Property Taxes	11,324	--	11,324	--	--	--	133,530	--	133,530
Other Revenue	--	--	--	304	--	304	--	--	--
Total General Revenues	<u>11,324</u>	<u>--</u>	<u>11,324</u>	<u>304</u>	<u>--</u>	<u>304</u>	<u>133,530</u>	<u>--</u>	<u>133,530</u>
Change in Net Position / Fund Balance	<u>(6,716)</u>	<u>--</u>	<u>(6,716)</u>	<u>(1,843)</u>	<u>--</u>	<u>(1,843)</u>	<u>50,883</u>	<u>--</u>	<u>50,883</u>
<i>Net Position / Fund Balance at Beginning of Period</i>	63,928	--	63,928	23,989	--	23,989	107,637	--	107,637
Net Position / Fund Balance at End of Period	<u>\$ 57,212</u>	<u>\$ --</u>	<u>\$ 57,212</u>	<u>\$ 22,146</u>	<u>\$ --</u>	<u>\$ 22,146</u>	<u>\$ 158,520</u>	<u>\$ --</u>	<u>\$ 158,520</u>

STATISTICAL SECTION

City of St. Johns Statistical Section

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

<u>Contents</u>	<u>Table</u>
Financial Trends	
These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	A-1 to A-4
Revenue Capacity	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	B-1 to B-4
Debt Capacity	
These 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.	C-1 to C-4
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.	D-1 to D-2
Operating Information	
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 activities it performs.	E-1 to E-3

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

CITY OF ST. JOHNS

Table A-1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014*	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 9,347,297	\$ 8,517,535	\$ 8,036,749	\$ 6,713,405	\$ 5,528,294	\$ 5,545,869	\$ 5,764,422	\$ 5,117,902	\$ 5,217,094	\$ 5,141,798
Restricted	866,424	689,664	731,998	1,243,761	1,448,811	1,444,773	1,266,665	998,387	1,212,853	1,339,049
Unrestricted	(3,442,469)	(3,894,379)	(3,533,847)	(3,222,810)	1,858,441	1,921,027	2,068,629	2,620,011	2,710,396	2,725,886
Total governmental activities net position	\$ 6,771,252	\$ 5,312,820	\$ 5,234,900	\$ 4,734,356	\$ 8,835,546	\$ 8,911,669	\$ 9,099,716	\$ 8,736,300	\$ 9,140,343	\$ 9,206,733
Business-type activities										
Net investment in capital assets	\$ 4,909,221	\$ 5,167,990	\$ 5,383,065	\$ 5,443,887	\$ 5,100,038	\$ 4,878,351	\$ 4,993,664	\$ 5,392,596	\$ 5,741,929	\$ 4,861,354
Restricted	1,297,632	1,495,705	1,273,055	1,267,273	1,241,700	1,323,869	1,316,369	1,301,369	1,314,969	1,282,619
Unrestricted	(623,091)	(1,267,218)	(853,900)	(316,146)	2,909,945	3,059,535	3,489,385	3,482,511	3,236,659	4,347,173
Total business-type activities net position	\$ 5,583,762	\$ 5,396,477	\$ 5,802,220	\$ 6,395,014	\$ 9,251,683	\$ 9,261,755	\$ 9,799,418	\$ 10,176,476	\$ 10,293,557	\$ 10,491,146
Primary government										
Net investment in capital assets	\$ 14,256,518	\$ 13,685,525	\$ 13,419,814	\$ 12,157,292	\$ 10,628,332	\$ 10,424,220	\$ 10,758,086	\$ 10,510,498	\$ 10,959,023	\$ 10,003,152
Restricted	2,164,056	2,185,369	2,005,053	2,511,034	2,690,511	2,768,642	2,583,034	2,299,756	2,527,822	2,621,668
Unrestricted	(4,065,560)	(5,161,597)	(4,387,747)	(3,538,956)	4,768,386	4,980,562	5,558,014	6,102,522	5,947,055	7,073,059
Total primary government net position	\$ 12,355,014	\$ 10,709,297	\$ 11,037,120	\$ 11,129,370	\$ 18,087,229	\$ 18,173,424	\$ 18,899,134	\$ 18,912,776	\$ 19,433,900	\$ 19,697,879

Source: City of St. Johns basic financial statements

* Restated Due to GASB 68

CITY OF ST. JOHNS

Table A-2

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
General government	\$ 1,404,660	\$ 1,681,359	\$ 1,679,719	\$ 1,239,099	\$ 1,533,050	\$ 1,569,775	\$ 1,625,884	\$ 1,555,276	\$ 1,222,008	\$ 1,887,997
Public safety	1,367,562	1,777,613	1,734,544	1,465,663	1,405,036	1,309,145	1,232,431	1,778,851	1,424,852	1,333,478
Public works	1,972,143	2,103,309	2,137,325	1,987,632	2,067,006	2,173,149	2,075,051	2,509,856	2,157,548	1,773,554
Community and economic development	-	-	-	-	-	604	-	129,014	190,517	329,315
Recreation and culture	319,239	748,442	772,324	909,829	633,608	763,370	658,138	644,178	881,209	711,623
Interest on long-term debt	78,603	67,377	82,107	101,805	126,170	128,460	185,327	168,274	187,456	182,142
Total governmental activities expenses	5,142,207	6,378,100	6,406,019	5,704,028	5,764,870	5,944,503	5,776,831	6,785,449	6,063,590	6,218,109
Business-type activities										
Water and Sewer	3,680,513	4,219,907	4,059,601	3,784,439	3,775,216	3,784,453	3,971,813	3,517,857	3,384,561	3,077,226
Total primary government expenses	8,822,720	10,598,007	10,465,620	9,488,467	9,540,086	9,728,956	9,748,644	10,303,306	9,448,151	9,295,335
Program revenues										
Governmental activities										
Charges for services										
Refuse collection	537,662	641,906	593,255	623,608	606,533	599,455	579,000	589,790	654,216	594,884
Other public works	883,208	730,367	761,392	675,377	656,884	649,219	627,066	638,751	473,743	497,750
Other activities	-	325,005	370,199	431,026	419,224	414,332	400,194	407,651	422,242	659,893
Total charges for services	1,420,870	1,697,278	1,724,846	1,730,011	1,682,641	1,663,006	1,606,260	1,636,192	1,550,201	1,752,527
Operating grants and contributions	1,284,404	892,971	981,267	1,035,542	941,965	978,150	1,402,983	764,496	854,769	862,298
Capital grants and contributions	62,392	40,946	432,819	-	-	63,224	67,851	499,447	381,699	591,546
Total governmental activities program revenues	2,767,666	2,631,195	3,138,932	2,765,553	2,624,606	2,704,380	3,077,094	2,900,135	2,786,669	3,206,371
Business-type activities										
Charges for services										
Water and Sewer	3,825,370	3,725,054	3,496,444	3,362,116	3,395,952	3,426,030	3,356,057	3,352,400	3,107,225	3,344,723
Other activities	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total charges for services	3,825,370	3,725,054	3,496,444	3,367,116	3,400,952	3,431,030	3,361,057	3,357,400	3,112,225	3,349,723
Capital grants and contributions	-	-	-	-	44,918	101,918	152,417	950	19,791	14,898
Total business-type activities program revenues	3,825,370	3,725,054	3,496,444	3,367,116	3,445,870	3,532,948	3,513,474	3,358,350	3,132,016	3,364,621
Total primary government program revenues	6,593,036	6,356,249	6,635,376	6,132,669	6,070,476	6,237,328	6,590,568	6,258,485	5,918,685	6,570,992

continued...

CITY OF ST. JOHNS

Table A-2.1

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (expense) revenue										
Governmental activities	\$ (2,374,541)	\$ (3,746,905)	\$ (3,267,087)	\$ (2,938,475)	\$ (3,140,264)	\$ (3,240,123)	\$ (2,699,737)	\$ (3,885,314)	\$ (3,276,921)	\$ (3,011,738)
Business-type activities	144,857	(494,853)	(563,157)	(417,323)	(329,346)	(251,505)	(458,339)	(159,507)	(252,545)	287,395
Total primary government net (expense) revenue	(2,229,684)	(4,241,758)	(3,830,244)	(3,355,798)	(3,469,610)	(3,491,628)	(3,158,076)	(4,044,821)	(3,529,466)	(2,724,343)
General revenues and other changes in net position										
Governmental activities										
Taxes	2,882,943	2,800,215	2,979,385	2,962,510	2,185,855	2,203,982	2,227,200	2,221,376	2,299,060	2,279,200
State Shared Revenue	751,862	725,154	694,890	695,460	683,247	665,287	647,375	618,149	728,532	718,626
Investment earnings	8,867	5,320	2,929	2,117	2,563	1,839	2,946	5,684	13,007	48,085
Gain on sale of capital assets	-	-	-	-	-	-	9,327	53,556	-	-
Miscellaneous	166,859	265,877	193,325	197,891	164,217	147,536	130,326	555,118	142,960	120,908
Special Item - Disposal of Operations	-	-	(402,417)	-	-	-	-	-	-	-
Transfers	22,442	28,259	28,259	28,259	28,259	33,433	45,979	27,388	26,972	13,929
Total governmental activities	3,832,973	3,824,825	3,496,371	3,886,237	3,064,141	3,052,077	3,063,153	3,481,271	3,210,531	3,180,748
Business-type activities										
Investment earnings	11,515	9,101	3,885	1,552	1,850	1,816	2,730	2,830	10,919	84,789
Other general revenues	53,355	108,268	83,716	74,158	56,849	107,053	124,530	66,984	71,099	(39,038)
Transfers	(22,442)	(28,259)	(28,259)	(28,259)	(28,259)	(28,259)	(33,433)	(45,979)	(27,388)	(26,972)
Total business-type activities	42,428	89,110	59,342	47,451	30,440	80,610	93,827	23,835	54,630	18,779
Total primary government	3,875,401	3,913,935	3,555,713	3,933,688	3,094,581	3,132,687	3,156,980	3,505,106	3,265,161	3,199,527
Change in net position										
Governmental activities	1,458,432	77,920	229,284	947,762	(76,123)	(188,046)	363,416	(404,043)	(66,390)	169,010
Business-type activities	187,285	(405,743)	(503,815)	(369,872)	(298,906)	(170,895)	(364,512)	(135,672)	(197,915)	306,174
Total primary government	\$ 1,645,717	\$ (327,823)	\$ (274,531)	\$ 577,890	\$ (375,029)	\$ (358,941)	\$ (1,096)	\$ (539,715)	\$ (264,305)	\$ 475,184

Source: City of St. Johns basic financial statements

concluded

CITY OF ST. JOHNS

Table A-3

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,749	\$ 41,576
Unreserved	-	-	-	-	-	-	-	-	1,436,947	1,390,252
Nonspendable	32,020	87,790	36,101	75,240	32,741	42,736	41,359	48,002	-	-
Assigned	-	866,000	1,000,000	1,000,000	1,000,000	1,000,000	958,329	408,000	-	-
Unassigned	1,980,769	1,248,570	1,214,733	1,110,725	1,042,160	926,946	870,000	1,283,782	-	-
Total general fund	\$ 2,012,789	\$ 2,202,360	\$ 2,250,834	\$ 2,185,965	\$ 2,074,901	\$ 1,969,682	\$ 1,869,688	\$ 1,739,784	\$ 1,476,696	\$ 1,431,828
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,196	\$ 137,435
Unreserved reported in										
Special revenue funds	-	-	-	-	-	-	-	-	1,342,663	1,329,722
Capital project funds	-	-	-	-	-	-	-	-	639,422	883,523
Nonspendable	-	-	-	3,637	4,388	3,711	3,454	2,263	-	-
Restricted	866,424	689,664	731,998	1,274,773	1,492,147	1,488,290	1,266,693	1,043,108	-	-
Assigned	-	-	-	53,529	42,500	43,000	292,881	692,980	-	-
Unassigned (deficit)	(125,297)	(412,408)	(275,718)	(220,947)	(181,764)	-	-	-	-	-
Total all other governmental funds	\$ 741,127	\$ 277,256	\$ 456,280	\$ 1,110,992	\$ 1,357,271	\$ 1,535,001	\$ 1,563,028	\$ 1,738,351	\$ 2,114,281	\$ 2,350,680

Source: City of St. Johns basic financial statements

Notes:

(1) Fund balance classification was changed in 2011 to comply with the requirements of GASB Statement Number 54.

CITY OF ST. JOHNS

Table A-4

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 2,882,943	\$ 2,800,215	\$ 2,979,385	\$ 3,001,810	\$ 2,225,155	\$ 2,251,154	\$ 2,277,465	\$ 2,329,348	\$ 2,393,070	\$ 2,370,985
Licenses and permits	22,770	18,362	16,481	117,171	117,345	113,824	81,033	102,946	141,335	100,287
Intergovernmental revenues	2,086,068	1,659,071	1,733,976	1,634,860	1,526,236	1,509,187	2,007,475	1,913,806	1,840,210	2,301,788
Charges for services	1,495,230	1,585,772	1,545,567	1,534,362	1,508,850	1,483,161	1,466,169	1,376,929	1,268,904	1,228,852
Fines and forfeits	25,939	34,392	40,955	33,629	35,059	40,735	36,882	33,329	28,582	163,669
Interest and Rents	33,977	28,872	25,627	23,912	22,863	26,843	25,103	26,023	33,182	73,525
Other Revenue	215,644	302,710	256,078	294,033	263,193	345,010	241,060	623,945	316,187	187,683
Total revenues	6,762,571	6,429,394	6,598,069	6,639,777	5,698,701	5,769,914	6,135,187	6,406,326	6,021,470	6,426,789
Expenditures										
Current										
General government	1,552,741	1,464,770	1,393,180	1,330,285	1,450,796	1,375,062	1,408,439	1,378,628	1,387,352	1,779,050
Public safety	1,595,507	1,656,139	1,518,968	1,433,635	1,379,660	1,277,285	1,258,157	1,704,683	1,329,991	1,333,478
Public works	1,468,507	1,519,479	1,572,503	1,522,377	1,516,231	1,710,335	2,237,409	1,352,048	1,426,538	1,769,115
Community and economic development	-	-	-	-	-	604	-	129,014	190,517	329,315
Recreation & culture	293,499	281,026	655,916	833,274	577,225	675,316	565,342	576,568	728,791	711,623
Debt service										
Principal	1,415,453	361,653	340,872	425,109	399,363	425,955	399,218	438,697	452,839	443,280
Interest	68,910	74,412	89,847	107,777	123,086	139,505	164,439	174,416	197,374	202,561
Capital Outlay	1,232,138	1,327,672	1,321,621	1,150,794	353,110	127,318	193,581	843,617	526,571	644,173
Total expenditures	7,626,755	6,685,151	6,892,907	6,803,251	5,799,471	5,731,380	6,226,585	6,597,671	6,239,973	7,212,595
Excess of Revenues Over (Under) Expenditures	(864,184)	(255,757)	(294,838)	(163,474)	(100,770)	38,534	(91,398)	(191,345)	(218,503)	(785,806)
Other financing sources (uses)										
Proceeds from borrowing	1,116,042	-	-	-	-	-	-	51,115	-	-
Transfers in	326,633	328,624	546,216	426,921	455,013	645,616	748,045	991,601	710,631	797,473
Transfers out	(304,191)	(300,365)	(517,957)	(398,662)	(426,754)	(612,183)	(702,066)	(964,213)	(683,659)	(783,544)
Total other financing sources (uses)	1,138,484	28,259	28,259	28,259	28,259	33,433	45,979	78,503	26,972	13,929
Special Item - Disposal of Operations			(323,264)	-	-	-	-	-	-	-
Net changes in fund balances	\$ 274,300	\$ (227,498)	\$ (589,843)	\$ (135,215)	\$ (72,511)	\$ 71,967	\$ (45,419)	\$ (112,842)	\$ (191,531)	\$ (771,877)
Debt service as a percentage of noncapital expenditures	23.21%	8.14%	7.73%	9.43%	9.59%	10.09%	9.34%	10.66%	11.38%	9.83%

CITY OF ST. JOHNS

Table B-1

**ASSESSED STATE EQUALIZED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	%	Commercial Property	%	Industrial Property	%	Developmental	%	Personal Property	%	Special Act Parcels	%	Total	Total Direct Tax Rate (1)
2009	141,124,206	65%	37,933,386	17%	14,297,721	7%	329,296	0%	19,117,700	9%	5,229,000	2%	218,031,309	11.1554
2010	138,780,365	65%	36,131,503	17%	13,935,325	7%	328,301	0%	18,623,300	9%	4,586,224	2%	212,385,018	11.1583
2011	136,072,875	66%	42,579,284	21%	5,059,314	2%	316,909	0%	17,807,200	9%	3,750,100	2%	205,585,682	11.1682
2012	131,689,328	65%	42,845,583	21%	4,766,258	2%	323,855	0%	17,823,100	9%	3,913,300	2%	201,361,424	11.1737
2013	130,806,543	65%	44,727,741	22%	4,561,030	2%	340,132	0%	17,360,000	9%	4,017,600	2%	201,813,046	11.1732
2014	131,636,561	66%	43,814,183	22%	4,254,867	2%	325,085	0%	14,454,400	7%	4,742,800	2%	199,227,896	15.1775
2015	138,828,200	65%	48,744,800	23%	4,864,600	2%	799,100	0%	15,299,600	7%	4,107,079	2%	212,643,379	15.1763
2016	147,428,225	67%	50,019,000	23%	4,213,600	2%	-	0%	14,746,700	7%	3,271,398	1%	219,678,923	15.1735
2017	153,526,500	66%	59,082,300	25%	4,723,100	2%	-	0%	13,540,615	6%	2,973,906	1%	233,846,421	14.1848
2018	155,810,300	63%	69,559,400	28%	4,885,300	2%	-	0%	13,023,600	5%	2,906,451	1%	246,185,051	13.1776

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 for the 2014 through 2017 tax levy years. A voter approved 3.0000 mills dedicated to local streets will begin in the 2018 tax levy year and continue for 5 years.

CITY OF ST. JOHNS

Table B-1.1

**ASSESSED TAXABLE VALUE OF TAXABLE PROPERTY
CURRENT AND PRIOR FIVE FISCAL YEARS**

Fiscal Year	Residential Property	%	Commercial Property	%	Industrial Property	%	Developmental	%	Personal Property	%	Special Act Parcels	%	Total	Total Direct Tax Rate (1)
2013	130,806,543	65%	44,727,741	22%	4,561,030	2%	340,132	0%	17,360,000	9%	3,783,200	2%	201,578,646	11.1732
2014	131,636,561	66%	43,814,183	22%	4,254,867	2%	325,085	0%	14,454,400	7%	4,087,100	2%	198,572,196	15.1775
2015	130,490,412	66%	42,824,938	22%	4,248,343	2%	296,801	0%	15,299,600	8%	4,107,079	2%	197,267,173	15.1763
2016	133,344,131	67%	44,042,207	22%	3,623,843	2%	-	0%	14,746,700	7%	3,271,398	2%	199,028,279	15.1735
2017	136,584,114	68%	45,544,434	23%	3,629,201	2%	-	0%	13,540,615	7%	3,023,906	1%	202,322,270	14.1848
2018	141,317,631	68%	47,058,207	23%	3,615,563	2%	-	0%	13,023,600	6%	2,852,651	1%	207,867,652	13.1776

Source: Clinton County Equalization Department Report and Assessor's Warrants.

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 for the 2014 through 2017 tax levy years. A voter approved 3.0000 mills dedicated to local streets will begin in the 2018 tax levy year and continue for 5 years.

CITY OF ST. JOHNS

Table B-2

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of taxable value)**

Fiscal Year	City of St. Johns						St. Johns Public Schools (2)	Clinton County	Clinton County Regional Educational Service Agency	Clinton Transit	State Education Tax	District Library	Total
	General (5)	Econ. Dev. (6)	Garbage (4)	City Library	Streets (3)	Total							
2009	9.4360	0.2349	0.5000	0.9845	-	11.1554	7.0000	5.8000	3.7579	0.1986	6.0000	-	33.9119
2010	9.4360	0.2378	0.5000	0.9845	-	11.1583	7.0000	5.8000	3.7615	0.2000	6.0000	-	33.9198
2011	9.4360	0.2477	0.5000	0.9845	-	11.1682	7.0000	5.8000	3.7615	0.2000	6.0000	-	33.9297
2012	9.4360	0.2532	0.5000	0.9845	-	11.1737	7.0000	5.8000	3.7615	0.2000	6.0000	-	33.9352
2013	9.4360	0.2527	0.5000	0.9845	-	11.1732	7.0000	5.8000	3.7615	0.2000	6.0000	-	33.9347
2014	9.4360	0.2570	0.5000	0.9845	4.0000	15.1775	7.0000	5.8000	3.7615	0.2000	6.0000	-	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	-	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	-	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	-	3.0000	13.1776	7.0000	5.7877	3.7482	0.1998	6.0000	0.7500	36.6633

Source: Tax warrants issued by City Assessor

Notes:

- (1) Rate per \$1,000 of taxable value
- (2) St. Johns Public Schools' rate indicated homestead millage. For non-homestead, add 18.0000 mills.
- (3) City of St. Johns voters approved 4.0000 mills dedicated to streets from the 2014 through 2017 tax years. City of St. Johns voters approved a renewal millage dedicated to streets at 3.0000 bills from the 2018 through 2022 tax years.
- (4) In addition to the 0.5000 mills, each residential dwelling unit is charged \$140 for annual trash service.

CITY OF ST. JOHNS

Table B-3

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Save-A-Lot	\$ 5,914,244	1	2.40%	\$ 8,155,200		3.84%
Consumers Energy	5,360,627	2	2.18%	2,018,532		0.95%
Mahle Engine Components	3,283,462	3	1.33%	4,390,300		2.07%
Lone Oak - St Johns LLC	2,878,815	4	1.17%			0.00%
1035 US 27 LLC	2,413,289	5	0.98%	2,865,764		1.35%
Glick Suntree LLC	1,972,089	6	0.80%			0.00%
Clinton Commons	1,579,229	7	0.64%	2,528,600		1.19%
CCS/Lansing Inc	1,218,404	8	0.49%	1,365,315		0.64%
Realty Income Properties	1,151,661	9	0.47%			
The Kroger Company	1,113,875	10	0.45%			
Allied Ring Co	-	-	0.00%	3,937,900		1.85%
Federal Mogul	-	-	0.00%	1,100,100		0.52%
Dana Corporation	-	-	0.00%			0.00%
Barnard Manufacturing	-	-	0.00%	2,745,507		1.29%
M & M Restaurant Supply	-	-	0.00%	1,673,676		0.79%
Total	\$ 26,885,695		10.92%	\$ 30,780,894		14.49%

Source: City assessors office & 2009 financial statements

CITY OF ST. JOHNS

Table B-4

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General	Street Millage	Economic Development	Library	Garbage	Total Tax Levy	Amount Collected in Fiscal Year of Levy		Amount Collected in Subsequent Year/ Received from County	Total Collections to Date	
							Amount	Percentage		Total Tax Collection	Percentage Collected
2009	2,016,581	-	50,184	210,384	106,846	2,383,995	2,260,165	94.81%	-	2,260,165	94.81%
2010	2,007,987	-	49,971	209,488	106,394	2,373,840	2,269,700	95.61%	-	2,269,700	95.61%
2011	1,962,400	-	49,455	204,746	103,985	2,320,586	2,199,901	94.80%	-	2,199,901	94.80%
2012	1,904,505	-	49,978	198,691	100,913	2,254,087	2,150,767	95.42%	-	2,150,767	95.42%
2013	1,864,987	-	50,044	194,582	98,823	2,208,436	2,188,777	99.11%	-	2,188,777	99.11%
2014	1,866,384	-	49,967	194,714	98,894	2,209,959	2,203,855	99.72%	-	2,203,855	99.72%
2015	1,835,148	777,936	49,968	191,456	97,238	2,951,746	2,844,685	96.37%	107,051	2,951,736	100.00%
2016	1,822,644	772,634	49,395	190,151	96,573	2,931,397	2,858,694	97.52%	70,139	2,928,833	99.91%
2017	1,834,749	777,762	49,179	95,689	97,209	2,854,588	2,783,754	97.52%	70,835	2,854,589	100.00%
2018	1,880,565	797,183	49,570	-	99,637	2,826,955	2,778,227	98.28%	45,994	2,824,221	99.90%

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

Notes:

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

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

CITY OF ST. JOHNS

Table C-1

***RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS***

Fiscal Year	Population	Assessed Value of Property	Governmental Activities			Business-type Activities		Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita
			General Obligation Bonds	Special Assessment Bonds	Note and Loans	Revenue Bonds	Note and Loans			
2009	7,485	241,152,600	4,100,000	35,000	820,870	13,375,000	93,113	18,423,983	7.64%	\$ 2,461
2010	7,485	232,451,224	3,775,000	15,000	684,696	12,975,000	78,215	17,527,911	7.54%	\$ 2,342
2011	7,865	220,224,200	3,430,000	-	634,474	12,560,000	70,585	16,695,059	7.58%	\$ 2,123
2012	7,865	211,771,200	3,110,000	-	575,178	12,360,000	62,954	16,108,132	7.61%	\$ 2,048
2013	7,865	210,411,200	2,770,000	-	421,245	11,711,774	55,323	14,958,342	7.11%	\$ 1,902
2014	7,865	207,215,800	2,420,000	-	346,278	11,321,566	47,692	14,135,536	6.82%	\$ 1,797
2015	7,865	212,643,379	2,045,000	-	269,466	10,794,132	40,061	13,148,659	6.18%	\$ 1,672
2016	7,865	219,678,923	1,755,000	-	571,067	10,241,697	32,430	12,600,194	5.74%	\$ 1,602
2017	7,865	233,846,421	1,445,000	-	483,601	9,910,000	24,797	11,863,398	5.07%	\$ 1,508
2018	7,865	243,278,600	1,201,000	-	410,509	9,265,000	17,168	10,893,677	4.48%	\$ 1,385

Sources: City of St. Johns Basic Financial Statements, 2000 Census report, 2010 Census report and Assessor's equalization reports

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

CITY OF ST. JOHNS

Table C-2

***RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS***

Fiscal Year	Population (4 & 5)	Assessed Value of Property (6)	General Obligation Bonds (1 & 2)	Bonded Debt Service Funds Available (1 & 3)	Net General Bonded Debt	Net Debt to Assessed Value	Net Debt Per Capita
2009	7,485	241,152,600	4,100,000	80,109	4,019,891	1.67%	537
2010	7,485	232,451,224	3,775,000	80,400	3,694,600	1.59%	494
2011	7,865	220,224,200	3,430,000	325,410	3,104,590	1.41%	395
2012	7,865	211,771,200	3,110,000	308,214	2,801,786	1.32%	356
2013	7,865	210,411,200	2,770,000	200,975	2,569,025	1.22%	327
2014	7,865	207,215,800	2,420,000	140,106	2,279,894	1.10%	290
2015	7,865	212,643,379	2,045,000	85,205	1,959,795	0.92%	249
2016	7,865	219,678,923	1,755,000	84,546	1,670,454	0.76%	212
2017	7,865	233,846,421	1,445,000	-	1,445,000	0.62%	184
2018	7,865	243,278,600	1,201,000	-	1,201,000	0.49%	153

Note:

(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.

CITY OF ST. JOHNS

Table C-3

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

Governmental Unit	Debt Outstanding (1)	Percentage Applicable To City (1)	Amount Applicable To City
Overlapping Debt			
St. Johns Public Schools	\$ 75,264,967	30.68%	\$ 23,091,292
Clinton County	555,400	7.48%	41,544
Total Overlapping Debt			<u>23,132,836</u>
City of St. Johns	\$ 1,611,509	100.0%	1,611,509
Total Direct and Overlapping Debt			<u>\$ 24,744,345</u>

Note:

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

CITY OF ST. JOHNS

Table C-4

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Total state equalized value (1)	\$ 243,278,600
Debt limitation - 10 percent of SEV	<u>\$ 24,327,860</u>
Debt applicable to limitation	
Total bonded debt	10,466,000
Less:	
Revenue bonds	<u>9,265,000</u>
Total Debt Applicable to Limitation	<u>1,201,000</u>
Legal Debt Margin	<u>\$ 23,126,860</u>

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 24,327,860	\$ 23,384,642	\$ 21,967,892	\$ 21,264,338	\$ 20,721,580	\$ 21,041,120	\$ 21,177,120	\$ 22,022,420	\$ 23,245,122	\$ 24,115,260
Total net debt applicable to limit	<u>1,201,000</u>	<u>1,445,000</u>	<u>1,755,000</u>	<u>2,314,466</u>	<u>2,766,278</u>	<u>3,191,245</u>	<u>3,641,732</u>	<u>4,370,145</u>	<u>4,792,945</u>	<u>5,263,121</u>
Legal debt margin	<u>\$ 23,126,860</u>	<u>\$ 21,939,642</u>	<u>\$ 20,212,892</u>	<u>\$ 18,949,872</u>	<u>\$ 17,955,302</u>	<u>\$ 17,849,875</u>	<u>\$ 17,535,388</u>	<u>\$ 17,652,275</u>	<u>\$ 18,452,177</u>	<u>\$ 18,852,139</u>
Total net debt applicable to limit as a percentage of debt limit	4.94%	6.18%	7.99%	10.88%	13.35%	15.17%	17.20%	19.84%	20.62%	21.82%

Source: City of St. Johns Treasurer's Office
(1) Source: Clinton County equalization report.

CITY OF ST. JOHNS

Table D-1

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1 & 2)	Personal Income	Per Capita Personal Income (3 & 6)	Unemployment Rate (5)
2009	7,485	244,961,595	32,727	10.90%
2010	7,485	253,599,285	33,881	9.80%
2011	7,865	273,009,880	34,712	8.40%
2012	7,865	278,885,035	35,459	7.40%
2013	7,865	285,633,205	36,317	7.20%
2014	7,865	288,323,035	36,659	5.90%
2015	7,865	297,792,495	37,863	4.30%
2016	7,865	299,955,370	38,138	4.50%
2017	7,865	-	(4)	4.90%
2018	7,865	-	(4)	3.90%

Notes

(1) *Source: 2000 Census report*

(2) *Source: 2010 Census report*

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

(4) *Data for 2017 and 2018 is not readily available*

(5) *Source: Bureau of Labor Statistics*

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

CITY OF ST. JOHNS

Table D-2

***PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO***

	2018		2009	
	Number of Jobs (1 & 2)	Percentage of Workforce	Number of Jobs (1 & 2)	Percentage of Workforce
Construction & Mining	8,400	3.60%	6,600	3.13%
Manufacturing	20,800	8.92%	14,500	6.89%
Trade, Transportation & Utilities	38,500	16.51%	32,400	15.38%
Information	2,600	1.11%	2,600	1.23%
Financial Activities	16,800	7.20%	13,700	6.51%
Professional & Business Services	23,900	10.25%	19,200	9.12%
Educational & Health Services	32,200	13.81%	30,600	14.53%
Leisure & Hospitality	18,300	7.85%	19,300	9.16%
Other Services	10,300	4.42%	11,500	5.46%
Government	61,400	26.33%	60,200	28.58%
Totals	<u>233,200</u>	<u>100%</u>	<u>210,600</u>	<u>100%</u>

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

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

CITY OF ST. JOHNS

Table E-1

**CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	7	8	8	8	8	8	8	8	8	9
Public Safety (1)	11	12	12	11	11	10	10	10	10	13
Public Works	18	19	21	22	22	18	18	18	18	22
Community and economic development	1	1	1	1	1	1	1	1	1	1
Recreation and Culture	3	3	8	8	7	5	5	5	5	5
Total	40	43	50	50	49	42	42	42	42	50

Source: City of St. Johns Clerk's Office

(1) The City currently has two (2) Police Union contracts: Command Officers Association of Michigan (COAM) and Police Officers Association of Michigan (POAM). COAM covers two (2) sergeants and the term is from 7/1/2014 to 6/30/2018. POAM covers six (6) police officers and the term is from 7/1/2014 to 6/30/2018.

CITY OF ST. JOHNS

Table E-2

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety (2)										
Physical Arrest	242	296	316	272	329	404	404	338	230	201
Parking violations	822	951	893	962	1,086	1,071	886	886	1,046	997
Traffic violations	840	908	901	862	893	1,041	1,048	1,048	712	949
Emergency fire responses	73	82	55	38	47	45	74	61	35	35
Public works (3)										
Street resurfacing (in miles)	3.19	3.30	3.34	3.80	0.53	0.99	1.21	0.27	0.27	0.22
Number of water meters	3,334	3,317	3,262	3,252	3,321	3,321	3,282	3,280	3,280	3,188
Average daily water consumption (gallons)	725,000	713,000	588,000	658,000	657,000	671,000	622,000	608,000	609,000	719,600
Peak daily water consumption	1,611,800	1,410,000	1,015,000	1,120,000	1,393,000	1,410,000	1,300,000	1,650,000	1,657,000	1,287,000
Average daily sewage treatment	1,365,000	1,454,000	1,148,166	1,250,000	1,200,000	1,090,000	1,200,000	1,084,000	1,084,000	1,187,000
Recreation and culture (4)										
Volumes of library collection	(4)	(4)	48,637	47,071	44,657	45,380	44,772	42,423	39,642	38,843
Volumes borrowed from library	(4)	(4)	86,482	82,670	89,559	93,611	108,602	126,059	129,986	126,336

(1) Water, sewage, and public safety are reported on a calendar year basis. Therefore, the 2018 information is not yet available.

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

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

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

CITY OF ST. JOHNS

Table E-3

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety (1)										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works (2)										
<i>Streets</i>										
Streets (per lane mile)	89	87	87	87	87	87	80	80	80	80
Traffic signals	4	4	4	4	4	4	4	4	4	4
<i>Water</i>										
Mains (miles)	54	52	52	52	52	52	50	50	50	50
Fire hydrants	436	432	432	432	432	431	437	437	437	437
Storage capacity (gallons)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
<i>Waste Water</i>										
Sanitary sewers (miles)	43	43	43	43	43	43	43	43	43	43
Storm sewers (miles)	32	32	32	32	32	32	32	32	32	32
Treatment capacity (million gallons per day)	2.6	2.6	2.9	2.9	2.5	2.5	2.5	2.5	2.5	2.5
Recreation and culture (3)										
Parks (acres)	97	97	97	97	97	94	94	94	116	116
Playgrounds	6	6	6	6	6	6	6	6	6	6
Municipal swimming pools/spray park (4)	1	1	1	-	-	-	-	-	-	1
Tennis courts	4	4	4	4	4	4	4	4	11	11
Softball diamonds	1	1	1	1	1	1	1	1	3	3

(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

(4) In August, 2015 the City opened a municipal spray park located in the main city park.