

CITY OF ST. LOUIS

Gratiot County, Michigan

FINANCIAL STATEMENTS

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of St. Louis, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in Note 15 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which establishes criteria for identifying and reporting leasing activities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the Honorable Mayor and Members of City Council
City of St. Louis, Michigan

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-10), pension schedules (pages 56-58) and budgetary comparison information (pages 59-62) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and Members of City Council
City of St. Louis, Michigan

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022 on our consideration of the City of St. Louis'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 of St. Louis'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. Louis's internal control over financial reporting and compliance.

Berthiaume & Co.

Saginaw, Michigan
December 19, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the City of St. Louis (the "City"), 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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The City's combined total net position is reported as \$49,499,179 for the fiscal year ended June 30, 2022, compared to \$46,628,448 for the fiscal year ended June 30, 2021.
- In the City's governmental activities, revenues generated were \$4,516,255 while expenses totaled \$3,598,967.
- In the City's business-type activities, revenues generated were \$10,743,924 while expenses totaled \$8,798,932.
- Total net position increased by \$2,870,731.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the City's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of the City of St. Louis are divided into three categories:

Governmental Activities – Most of the City's basic services are included here, such as the public safety, public works, recreation departments, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include electric, water and sewer, and solid waste.

Component Unit – The City includes the Downtown Development Authority as a discretely presented component unit.

Fund Financial Statements:

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. 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.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The City has three types of funds:

Governmental Funds – Many of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The City maintains seven (7) individual governmental funds. Separate information is presented for the General Fund, Major Street Fund and Public Safety Fund, which are considered to be "major" funds. Data from the other four (4) governmental funds, considered to be "nonmajor" 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 elsewhere in this report.

The City adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been presented for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the City charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows. The City's enterprise funds are the Electric Fund, Water and Sewer Fund and Solid Waste Fund.
- Internal service funds are used to report activities that provide supplies and services to the City's other programs. The City's internal service fund is the Motor Pool Fund.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

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 concerning the City. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

THE CITY AS A WHOLE:

The City's total combined net position for the fiscal year ended June 30, 2022 is \$49,499,179, consisting of \$15,450,871 in governmental activities and \$34,048,308 in business-type activities. Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$6,735,019. Governmental activities unrestricted total is \$3,130,661, while business-type activities is \$3,604,358.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The following table shows comparisons of total assets, total deferred outflows, total liabilities, total deferred inflows, and total net position in a condensed format as of June 30, 2022 and June 30, 2021.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets:						
Current and other assets	\$ 6,583,408	\$ 5,307,549	\$ 12,823,851	\$ 12,010,918	\$ 19,407,259	\$ 17,318,467
Capital assets, net	11,192,299	10,930,636	27,709,833	27,274,219	38,902,132	38,204,855
Total assets	<u>17,775,707</u>	<u>16,238,185</u>	<u>40,533,684</u>	<u>39,285,137</u>	<u>58,309,391</u>	<u>55,523,322</u>
Deferred outflows	<u>41,453</u>	<u>48,213</u>	<u>189,355</u>	<u>213,321</u>	<u>230,808</u>	<u>261,534</u>
Liabilities:						
Current liabilities	658,818	344,872	827,289	718,263	1,486,107	1,063,135
Long-term liabilities	1,582,472	1,671,100	5,232,332	6,191,400	6,814,804	7,862,500
Total liabilities	<u>2,241,290</u>	<u>2,015,972</u>	<u>6,059,621</u>	<u>6,909,663</u>	<u>8,300,911</u>	<u>8,925,635</u>
Deferred inflows	<u>124,999</u>	<u>54,298</u>	<u>615,110</u>	<u>176,475</u>	<u>740,109</u>	<u>230,773</u>
Net position:						
Net investment in capital assets	9,715,533	9,454,636	22,840,683	22,300,549	32,556,216	31,755,185
Restricted	2,604,677	2,416,500	7,603,267	7,677,692	10,207,944	10,094,192
Unrestricted	<u>3,130,661</u>	<u>2,344,992</u>	<u>3,604,358</u>	<u>2,434,079</u>	<u>6,735,019</u>	<u>4,779,071</u>
Total net position	<u>\$ 15,450,871</u>	<u>\$ 14,216,128</u>	<u>\$ 34,048,308</u>	<u>\$ 32,412,320</u>	<u>\$ 49,499,179</u>	<u>\$ 46,628,448</u>

Overall Analysis of Financial Position and Change in Net Position:

The City's combined total net position increased by \$2,870,731 during the current fiscal year. Governmental activities increased by \$1,234,743 while business-type activities increased by \$1,635,988. The City continues to report a solid net position in its governmental and business-type activities, with approximately \$17 million reported in cash and investments and manageable long-term debt and minimal pension liability.

Governmental Activities:

The City's total governmental revenue is reported at \$4,516,255, an increase of \$550,461 from the prior fiscal year. During the current year, capital grants increased approximately \$259,000 which was due to pass-through grants from MDOT for street improvements and Gratiot County for police radios. Total expenses increased by \$150,809 from the prior fiscal year.

Business-type Activities:

The City's total business-type revenue is reported at \$10,743,924, an increase of \$1,340,275 from the prior fiscal year. Charges for services and capital grants increased approximately \$1.1 million and \$216,000, respectively. Total expenses increased by \$760,147 from the prior fiscal year.

The following table shows the comparison of the change in net position in a condensed format for the fiscal years ended June 30, 2022 and June 30, 2021.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues						
Charges for services	\$ 1,334,001	\$ 1,163,956	\$ 10,112,423	\$ 9,042,509	\$ 11,446,424	\$ 10,206,465
Operating grants	1,055,511	1,126,634	56,844	-	1,112,355	1,126,634
Capital grants	331,340	72,836	540,380	324,702	871,720	397,538
General revenues						
Taxes	890,820	862,650	-	-	890,820	862,650
Franchise fees	26,765	26,899	-	-	26,765	26,899
Unrestricted grants	761,435	644,486	-	-	761,435	644,486
Investment earnings	8,360	9,204	22,562	12,777	30,922	21,981
Other	108,023	59,129	11,715	23,661	119,738	82,790
Total revenues	<u>4,516,255</u>	<u>3,965,794</u>	<u>10,743,924</u>	<u>9,403,649</u>	<u>15,260,179</u>	<u>13,369,443</u>
Expenses:						
General government	551,568	554,776	-	-	551,568	554,776
Public safety	1,096,256	1,053,179	-	-	1,096,256	1,053,179
Public works	1,398,202	1,307,412	-	-	1,398,202	1,307,412
Community and economic development	110,756	121,381	-	-	110,756	121,381
Recreation and culture	415,817	359,721	-	-	415,817	359,721
Interest on debt	26,368	51,689	-	-	26,368	51,689
Electric	-	-	5,268,052	4,548,916	5,268,052	4,548,916
Sewer	-	-	1,419,580	1,476,640	1,419,580	1,476,640
Water	-	-	1,705,361	1,630,209	1,705,361	1,630,209
Solid Waste	-	-	405,939	383,020	405,939	383,020
Total expenses	<u>3,598,967</u>	<u>3,448,158</u>	<u>8,798,932</u>	<u>8,038,785</u>	<u>12,397,899</u>	<u>11,486,943</u>
Excess of revenues over expenses before other items	<u>917,288</u>	<u>517,636</u>	<u>1,944,992</u>	<u>1,364,864</u>	<u>2,862,280</u>	<u>1,882,500</u>
Other items:						
Principal contributions	3,175	3,500	-	-	3,175	3,500
Sale of capital assets	41,610	6,062	(36,334)	-	5,276	6,062
Transfer of capital assets to joint authority	-	-	-	(4,288,291)	-	(4,288,291)
Interfund transfers	<u>272,670</u>	<u>209,517</u>	<u>(272,670)</u>	<u>(209,517)</u>	<u>-</u>	<u>-</u>
Total other items	<u>317,455</u>	<u>219,079</u>	<u>(309,004)</u>	<u>(4,497,808)</u>	<u>8,451</u>	<u>(4,278,729)</u>
Changes in net position	1,234,743	736,715	1,635,988	(3,132,944)	2,870,731	(2,396,229)
Net position, beginning	<u>14,216,128</u>	<u>13,479,413</u>	<u>32,412,320</u>	<u>35,545,264</u>	<u>46,628,448</u>	<u>49,024,677</u>
Net position, ending	<u>\$ 15,450,871</u>	<u>\$ 14,216,128</u>	<u>\$ 34,048,308</u>	<u>\$ 32,412,320</u>	<u>\$ 49,499,179</u>	<u>\$ 46,628,448</u>

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

THE CITY'S FUNDS:

Presentation of the City of St. Louis' major funds and aggregate nonmajor funds begins on page 16, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the City's largest governmental fund and one of three governmental funds that is considered a major fund in the current fiscal year. It pays for most of the City's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended June 30, 2022, General Fund financing sources exceeded its financing uses by \$305,429, increasing its ending fund balance to \$1,689,539. The City's second major governmental fund, the Major Street Fund decreased its fund balance by \$99,652. The City's third major governmental fund, the Public Safety Fund increased its ending fund balance by \$46,497.

Overall Analysis of Financial Position and Change in General Fund Fund Balance:

The General Fund unassigned fund balance of \$1,184,814 as of June 30, 2022 is considered, by management, to be very healthy in comparison to the annual General Fund expenditures budget of approximately \$1.3 million. The City has utilized effective budget controls in the General Fund to maintain its fund balance.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a decrease in fund balance of \$159,796. During the year, the City made budget amendments which changed the projection to a net increase in fund balance of \$152,260. The actual results for the year yielded an increase in fund balance of \$305,429.

Capital Assets and Debt Administration:

At June 30, 2022, the City of St. Louis had \$38,902,132 invested in a range of capital assets including land, buildings and improvements, equipment, vehicles, electric, water and sewer lines, streets, and other infrastructure, net of accumulated depreciation. At June 30, 2021, this total was \$38,204,855. Additional information about the City's capital assets is presented in Note 1 and Note 6 of the Notes to the Financial Statements.

At June 30, 2022, the City of St. Louis' total long-term indebtedness (not including compensated absences) was \$6,473,766, of which \$1,476,766 was backed by the full faith and credit of the City and the remaining \$4,997,000 was backed by specific revenue sources. Additional information about the City's indebtedness is presented in Note 7 of the Notes to the Financial Statements.

Economic Factors:

Following the discovery of traces of varying levels of the chemical compound para-Chlorobenzene Sulfonic Acid from the Velsicol Superfund Site in all six municipal drinking water supply wells, the Michigan Department of Environmental Quality strongly suggested replacement of the City's entire water supply in a location five miles or greater from the City. During fiscal year 2010-2011, litigation was settled against Velsicol Chemical Company, the Velsicol Trust Funds et al (responsible parties for the contamination) in the amount of \$26,500,000. These funds, together with a \$27,100,000 grant awarded by the United States Environmental Protection Agency (US EPA), are being used to design and construct a new water supply system. This system is a collaboration with the close-by City of Alma. The City of St. Louis began receiving water from the new project in 2015 even though significant construction continues for additional wells and transmission mains. To date, it is estimated that the project is 89% complete.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

While we seem to be past the gathering limits and mask mandates (in most places), there are still lingering effects of COVID-19 and the fallout it presents. It continues to be difficult to obtain contractors for local infrastructure and building projects at an affordable price. Recent projects that had bids coming in double to four times greater than estimates causing the City to go back to the drawing board on planned projects. The City is also seeing difficulties in ordering equipment with long lead times and earlier commitment periods due to limited supply chain issues.

Gratiot County (which includes the City of St. Louis and the surrounding incorporated and unincorporated area), has a labor force of 17,041 people. The unemployment rate in the County for July 2022 is 5.3% which is down from the July 2021 rate of 6.3%. Statewide the unemployment for the same period saw a downward trend from 5.4% to 3.5%. This change is primarily due to rebounding from the pandemic.

The City continues to monitor spending closely and seek out revenue sources and programs in order to sustain the level of services that residents in the community have become accustomed to. We are fortunate to have healthy fund equity in most funds to provide us some flexibility as we address future challenges.

Contacting the City's Financial Management:

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Finance Director at the City of St. Louis, 300 N. Mill Street, St. Louis, Michigan 48880.

BASIC FINANCIAL STATEMENTS

CITY OF ST. LOUIS

STATEMENT OF NET POSITION

June 30, 2022

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 5,190,199	\$ 2,648,360	\$ 7,838,559	\$ 97,984
Investments	1,197,895	234,893	1,432,788	-
Receivables	291,128	1,381,753	1,672,881	21,362
Internal balances	(391,002)	391,002	-	-
Inventory	15,084	302,284	317,368	-
Prepaid expenses	164,040	-	164,040	-
Restricted cash and cash equivalents	-	2,796,894	2,796,894	-
Restricted investments	-	5,052,371	5,052,371	-
Asset held for resale	35,107	-	35,107	85,000
Capital assets not being depreciated	2,394,825	2,422,418	4,817,243	-
Capital assets being depreciated, net	8,797,474	25,287,415	34,084,889	-
Net pension asset	80,957	16,294	97,251	-
Total assets	17,775,707	40,533,684	58,309,391	204,346
Deferred outflows of resources:				
Related to pension	41,453	189,355	230,808	-
Liabilities:				
Accounts payable and accrued expenses	242,917	827,289	1,070,206	55
Unearned revenue	415,901	-	415,901	555
Long-term liabilities:				
Due within one year				
Long-term debt	28,423	374,000	402,423	-
Compensated absences	88,304	93,957	182,261	-
Due in more than one year				
Long-term debt	1,448,343	4,623,000	6,071,343	-
Compensated absences	17,402	28,342	45,744	-
Net pension liability	-	113,033	113,033	-
Total liabilities	2,241,290	6,059,621	8,300,911	610
Deferred inflows of resources:				
Related to pension	124,999	427,144	552,143	-
Leases	-	187,966	187,966	20,875
	124,999	615,110	740,109	20,875

continued

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

CITY OF ST. LOUIS

STATEMENT OF NET POSITION, CONTINUED

June 30, 2022

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Net position:				
Net investment in capital assets	9,715,533	22,840,683	32,556,216	-
Restricted for:				
Debt service	-	617,366	617,366	-
Library operations	864,098	-	864,098	-
Nonexpendable cemetery principal	189,995	-	189,995	-
Replacement/improvements	-	5,241,633	5,241,633	-
Streets	1,550,584	-	1,550,584	-
Water supply replacement	-	1,744,268	1,744,268	-
Unrestricted	<u>3,130,661</u>	<u>3,604,358</u>	<u>6,735,019</u>	<u>182,861</u>
Total net position	<u>\$ 15,450,871</u>	<u>\$ 34,048,308</u>	<u>\$ 49,499,179</u>	<u>\$ 182,861</u>

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

CITY OF ST. LOUIS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 551,568	\$ 667,045	\$ 5,676	\$ -	\$ 121,153
Public safety	1,096,256	39,221	20,472	27,120	(1,009,443)
Public works	1,398,202	550,049	785,431	304,220	241,498
Community and economic development	110,756	-	1,950	-	(108,806)
Recreation and culture	415,817	77,686	241,982	-	(96,149)
Interest on long-term debt	26,368	-	-	-	(26,368)
Total governmental activities	<u>3,598,967</u>	<u>1,334,001</u>	<u>1,055,511</u>	<u>331,340</u>	<u>(878,115)</u>
<i>Business-type activities:</i>					
Electric	5,268,052	5,743,316	-	-	475,264
Sewer	1,419,580	1,896,986	-	-	477,406
Water	1,705,361	2,047,655	56,844	540,380	939,518
Solid Waste	405,939	424,466	-	-	18,527
Total business-type activities	<u>8,798,932</u>	<u>10,112,423</u>	<u>56,844</u>	<u>540,380</u>	<u>1,910,715</u>
Total primary government	<u>\$ 12,397,899</u>	<u>\$ 11,446,424</u>	<u>\$ 1,112,355</u>	<u>\$ 871,720</u>	<u>\$ 1,032,600</u>
COMPONENT UNIT:					
Downtown Development Authority	<u>\$ 3,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,905)</u>

continued

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

CITY OF ST. LOUIS

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended June 30, 2022

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (878,115)	\$ 1,910,715	\$ 1,032,600	\$ (3,905)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	775,746	-	775,746	-
County-wide special assessment, public safety	108,640	-	108,640	-
Property taxes, captured by component unit	-	-	-	36,893
Payment in lieu of taxes	6,434	-	6,434	-
Franchise fees	26,765	-	26,765	-
Grants and contributions not restricted to specific programs	761,435	-	761,435	-
Unrestricted investment earnings	8,360	22,562	30,922	6,626
Other	108,023	11,715	119,738	-
Contributions to principal of permanent funds	3,175	-	3,175	-
Special items:				
Sale of capital assets	41,610	(36,334)	5,276	-
Transfers	272,670	(272,670)	-	-
Total general revenues, contributions, special items and transfers	<u>2,112,858</u>	<u>(274,727)</u>	<u>1,838,131</u>	<u>43,519</u>
Change in net position	1,234,743	1,635,988	2,870,731	39,614
Net position, beginning of year	<u>14,216,128</u>	<u>32,412,320</u>	<u>46,628,448</u>	<u>143,247</u>
Net position, end of year	<u>\$ 15,450,871</u>	<u>\$ 34,048,308</u>	<u>\$ 49,499,179</u>	<u>\$ 182,861</u>

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2022

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Public Safety Fund</u>
Assets:			
Cash and cash equivalents	\$ 1,093,977	\$ 556,367	\$ 93,862
Investments	731,715	-	-
Taxes receivable	5,232	-	-
Accounts receivable	28,420	5,814	798
Accrued interest receivable	-	-	-
Due from other governments	125,039	92,425	-
Prepaid expenditures	155,207	-	3,500
Property held for resale	35,107	-	-
	<u>\$ 2,174,697</u>	<u>\$ 654,606</u>	<u>\$ 98,160</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 53,396	\$ 18,602	\$ 13,650
Accrued expenses	33	-	-
Due to other governments	3,726	-	-
Accrued wages payable	12,102	704	12,529
Unearned revenue	415,901	-	-
	<u>485,158</u>	<u>19,306</u>	<u>26,179</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	155,207	-	3,500
Property held for resale	35,107	-	-
Nonexpendable cemetery principal	-	-	-
Restricted for:			
Library operations	-	-	-
Streets	-	635,300	-
Committed to:			
Capital improvements	-	-	-
Cemetery operations	-	-	-
Public safety	-	-	68,481
Assigned to:			
Cemetery improvements	39,411	-	-
Capital improvements	275,000	-	-
Unassigned	1,184,814	-	-
	<u>1,689,539</u>	<u>635,300</u>	<u>71,981</u>
Total fund balances	<u>\$ 2,174,697</u>	<u>\$ 654,606</u>	<u>\$ 98,160</u>
Total liabilities and fund balances	<u>\$ 2,174,697</u>	<u>\$ 654,606</u>	<u>\$ 98,160</u>

continued

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS BALANCE SHEET, CONTINUED

June 30, 2022

	<i>Nonmajor Funds</i>	<i>Total</i>
Assets:		
Cash and cash equivalents	\$ 2,637,939	\$ 4,382,145
Investments	466,180	1,197,895
Taxes receivable	-	5,232
Accounts receivable	-	35,032
Accrued interest receivable	23	23
Due from other governments	33,377	250,841
Prepaid expenditures	5,333	164,040
Property held for resale	-	35,107
	<hr/>	<hr/>
Total assets	\$ 3,142,852	\$ 6,070,315
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 3,917	\$ 89,565
Accrued expenses	-	33
Due to other governments	-	3,726
Accrued wages payable	2,944	28,279
Unearned revenue	-	415,901
	<hr/>	<hr/>
Total liabilities	6,861	537,504
Fund balances:		
Nonspendable:		
Prepaid expenditures	5,333	164,040
Property held for resale	-	35,107
Nonexpendable cemetery principal	189,995	189,995
Restricted for:		
Library operations	864,098	864,098
Streets	915,284	1,550,584
Committed to:		
Capital improvements	1,103,429	1,103,429
Cemetery operations	57,852	57,852
Public safety	-	68,481
Assigned to:		
Cemetery improvements	-	39,411
Capital improvements	-	275,000
Unassigned	-	1,184,814
	<hr/>	<hr/>
Total fund balances	3,135,991	5,532,811
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 3,142,852	\$ 6,070,315

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

CITY OF ST. LOUIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2022

Fund balances of governmental funds	\$ 5,532,811
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	2,394,825
Capital assets being depreciated, net	8,797,474
Capital assets accounted for in the internal service fund	(1,360,932)
Certain pension amounts, such as net pension asset and related deferred amounts are not due and payable in the current period and do not represent current financial resources and therefore are not reported in the funds.	
Net pension asset	80,957
Deferred outflows related to net pension liability	41,453
Deferred inflows related to net pension liability	(124,999)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(16,902)
Long-term debt	(1,476,766)
Compensated absences payable	(105,706)
Compensated absences payable accounted for in the internal service fund	1,617
A portion of the net position (including capital assets of \$1,360,932) and liabilities of the internal service fund are included in the governmental activities in the statement of net position (net of \$391,002 allocation to business-type activities).	<u>1,687,039</u>
Net position of governmental activities	<u><u>\$ 15,450,871</u></u>

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2022

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Public Safety Fund</i>
Revenues:			
Taxes	\$ 782,180	\$ -	\$ 108,640
Licenses and permits	46,293	-	-
Federal grants	690	304,220	-
State grants	761,435	566,646	17,473
Contributions from other units	-	-	-
Charges for services	719,747	10,488	-
Fines and forfeits	-	-	2,660
Investment income and rentals	7,122	705	55
Other revenue	32,728	11,029	16,078
Total revenues	2,350,195	893,088	144,906
Expenditures:			
Current			
General government	405,848	-	-
Public safety	92,082	-	956,458
Public works	308,408	168,617	-
Community and economic development	112,300	-	-
Recreation and culture	158,706	-	-
Other	154,721	-	-
Capital outlay	6,234	684,929	-
Debt service			
Principal	23,604	-	93
Interest and fees	51,147	-	-
Total expenditures	1,313,050	853,546	956,551
Excess (deficiency) of revenues over expenditures	1,037,145	39,542	(811,645)
Other financing sources (uses):			
Sale of capital assets	41,114	-	-
Proceeds from lease financing	18,995	-	5,467
Insurance recoveries	60,850	-	-
Interfund transfers in	-	-	852,675
Interfund transfers out	(852,675)	(139,194)	-
Net other financing sources (uses)	(731,716)	(139,194)	858,142
Changes in fund balances	305,429	(99,652)	46,497
Fund balances, beginning of year, restated	1,384,110	734,952	25,484
Fund balances, end of year	\$ 1,689,539	\$ 635,300	\$ 71,981

continued

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2022

	<i>Nonmajor Funds</i>	<i>Total</i>
Revenues:		
Taxes	\$ -	\$ 890,820
Licenses and permits	-	46,293
Federal grants	-	304,910
State grants	228,512	1,574,066
Contributions from other units	193,258	193,258
Charges for services	3,537	733,772
Fines and forfeits	69,497	72,157
Investment income and rentals	3,373	11,255
Other revenue	39,338	99,173
Total revenues	<u>537,515</u>	<u>3,925,704</u>
Expenditures:		
Current		
General government	-	405,848
Public safety	-	1,048,540
Public works	166,275	643,300
Community and economic development	-	112,300
Recreation and culture	197,925	356,631
Other	-	154,721
Capital outlay	14,769	705,932
Debt service		
Principal	-	23,697
Interest and fees	-	51,147
Total expenditures	<u>378,969</u>	<u>3,502,116</u>
Excess (deficiency) of revenues over expenditures	<u>158,546</u>	<u>423,588</u>
Other financing sources (uses):		
Sale of capital assets	-	41,114
Proceeds from lease financing	-	24,462
Insurance recoveries	-	60,850
Interfund transfers in	372,871	1,225,546
Interfund transfers out	-	(991,869)
Net other financing sources (uses)	<u>372,871</u>	<u>360,103</u>
Changes in fund balances	531,417	783,691
Fund balances, beginning of year, restated	<u>2,604,574</u>	<u>4,749,120</u>
Fund balances, end of year	<u>\$ 3,135,991</u>	<u>\$ 5,532,811</u>

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

CITY OF ST. LOUIS

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2022

Changes in fund balances of governmental funds \$ 783,691

Change in net position reported for governmental activities in the statement of activities is different because:

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

Purchases/Acquisitions of capital assets	950,923
Purchases/Acquisitions of capital assets accounted for in the internal service fund	(220,529)
Depreciation expense	(689,260)
Depreciation expense accounted for in the internal service fund	224,813

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

Change in long-term debt	(766)
Change in compensated absences payable	(497)
Change in accrued interest on bonds	318
Change in net pension liability and related deferred outflows of resources and deferred inflows of resources	92,217

Certain changes in net position of the internal service fund are reported with governmental activities in the statement of activities (net of \$57,926 allocation to business-type activities). 93,833

Change in net position of governmental activities \$ 1,234,743

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF NET POSITION

June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,304,166	\$ 273,732	\$ 973,880	\$ 96,582	\$ 2,648,360	\$ 808,054
Investments	-	234,893	-	-	234,893	-
Utility bills receivable	560,303	209,060	223,732	41,432	1,034,527	-
Accounts receivable	10,772	3,583	1,813	658	16,826	-
Accrued interest receivable	-	304	157	-	461	-
Due from other governments	-	-	137,196	-	137,196	-
Inventory	208,593	45,955	32,943	14,793	302,284	15,084
Total current assets	2,083,834	767,527	1,369,721	153,465	4,374,547	823,138
Noncurrent assets:						
Restricted cash and cash equivalents	2,131,218	103,988	561,688	-	2,796,894	-
Restricted investments	2,176,217	442,447	2,433,707	-	5,052,371	-
Capital assets:						
Not being depreciated	300,638	264,208	1,857,572	-	2,422,418	-
Being depreciated, net	5,313,470	10,401,367	9,572,578	-	25,287,415	1,360,932
Leases receivable	31,827	-	160,916	-	192,743	-
Net pension asset	16,294	-	-	-	16,294	-
Total noncurrent assets	9,969,664	11,212,010	14,586,461	-	35,768,135	1,360,932
Total assets	12,053,498	11,979,537	15,956,182	153,465	40,142,682	2,184,070
Deferred outflows of resources:						
Related to pension	60,928	50,620	65,076	12,731	189,355	-
Liabilities:						
Current liabilities:						
Accounts payable	166,385	94,778	459,819	19,372	740,354	104,112
Due to other governments	3,411	-	-	-	3,411	-
Accrued interest payable	3,260	17,600	2,456	-	23,316	-
Deposits payable	29,216	-	9,504	-	38,720	-
Accrued wages payable	10,251	5,902	4,548	787	21,488	300
Compensated absences payable - current	50,898	21,086	19,057	2,916	93,957	1,373
Bonds payable - current	60,000	260,000	54,000	-	374,000	-
Total current liabilities	323,421	399,366	549,384	23,075	1,295,246	105,785

continued

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Noncurrent liabilities:						
Compensated absences payable	18,721	4,840	4,281	500	28,342	244
Bonds payable	570,000	3,260,000	793,000	-	4,623,000	-
Net pension liability	-	36,184	40,554	36,295	113,033	-
Total noncurrent liabilities	<u>588,721</u>	<u>3,301,024</u>	<u>837,835</u>	<u>36,795</u>	<u>4,764,375</u>	<u>244</u>
Total liabilities	<u>912,142</u>	<u>3,700,390</u>	<u>1,387,219</u>	<u>59,870</u>	<u>6,059,621</u>	<u>106,029</u>
Deferred inflows of resources:						
Related to pension	157,626	107,762	145,003	16,753	427,144	-
Leases	31,455	-	156,511	-	187,966	-
Total deferred inflows of resources	<u>189,081</u>	<u>107,762</u>	<u>301,514</u>	<u>16,753</u>	<u>615,110</u>	<u>-</u>
Net position:						
Net investment in capital assets	4,984,108	7,145,575	10,711,000	-	22,840,683	1,360,932
Restricted for:						
Debt service	155,963	413,903	47,500	-	617,366	-
Replacement/improvements	4,151,472	132,532	957,629	-	5,241,633	-
Water supply replacement	-	-	1,744,268	-	1,744,268	-
Unrestricted	<u>1,721,660</u>	<u>529,995</u>	<u>872,128</u>	<u>89,573</u>	<u>3,213,356</u>	<u>717,109</u>
Total net position	<u>\$ 11,013,203</u>	<u>\$ 8,222,005</u>	<u>\$ 14,332,525</u>	<u>\$ 89,573</u>	<u>\$ 33,657,306</u>	<u>\$ 2,078,041</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>391,002</u>	
Net position of business-type activities					<u>\$ 34,048,308</u>	

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Nonmajor</i>				<i>Total</i>	
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Solid Waste Fund</i>		
Operating revenues:						
Charges for services						
Sales	\$ 5,634,281	\$ 1,798,915	\$ 1,930,059	\$ 416,266	\$ 9,779,521	\$ -
Other	4,912	67,972	24,091	84	97,059	24,531
Penalties	96,956	30,099	32,661	8,116	167,832	-
State DWAM grant	-	-	56,844	-	56,844	-
Equipment rental	-	-	-	-	-	480,352
Total operating revenues	<u>5,736,149</u>	<u>1,896,986</u>	<u>2,043,655</u>	<u>424,466</u>	<u>10,101,256</u>	<u>504,883</u>
Operating expenses:						
Personnel	839,893	404,386	214,722	97,802	1,556,803	38,161
Contracted services	34,977	75,868	120,609	186,504	417,958	159
Purchased water	-	-	737,660	-	737,660	-
Administrative expense	388,900	92,475	123,961	31,515	636,851	-
Purchased energy	3,364,022	-	-	-	3,364,022	-
Other services and charges	374,443	358,008	116,223	113,511	962,185	130,353
Depreciation	265,908	422,416	383,451	-	1,071,775	224,813
Total operating expenses	<u>5,268,143</u>	<u>1,353,153</u>	<u>1,696,626</u>	<u>429,332</u>	<u>8,747,254</u>	<u>393,486</u>
Operating income (loss)	<u>468,006</u>	<u>543,833</u>	<u>347,029</u>	<u>(4,866)</u>	<u>1,354,002</u>	<u>111,397</u>
Non-operating revenues (expenses):						
Interest income	7,768	5,331	9,333	130	22,562	873
Rental income	3,415	-	14,944	-	18,359	-
Lease income	3,752	-	45,900	-	49,652	-
Other income	3,816	-	-	7,899	11,715	-
Sale of capital assets	3,916	(40,250)	-	-	(36,334)	496
Interest expense	(19,960)	(74,225)	(15,419)	-	(109,604)	-
Net non-operating revenues (expenses)	<u>2,707</u>	<u>(109,144)</u>	<u>54,758</u>	<u>8,029</u>	<u>(43,650)</u>	<u>1,369</u>
Change in net position before capital contributions and transfers	<u>470,713</u>	<u>434,689</u>	<u>401,787</u>	<u>3,163</u>	<u>1,310,352</u>	<u>112,766</u>

continued

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION, CONTINUED

Year Ended June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<u><i>Nonmajor Solid Waste Fund</i></u>	<u><i>Total</i></u>	
Capital contributions and transfers:						
Capital contribution - Federal grants	-	-	540,380	-	540,380	-
Interfund transfers in	-	-	-	-	-	38,993
Interfund transfers out	<u>(173,474)</u>	<u>(43,012)</u>	<u>(46,194)</u>	<u>(9,990)</u>	<u>(272,670)</u>	<u>-</u>
Net capital contributions and transfers	<u>(173,474)</u>	<u>(43,012)</u>	<u>494,186</u>	<u>(9,990)</u>	<u>267,710</u>	<u>38,993</u>
Change in net position	297,239	391,677	895,973	(6,827)	1,578,062	151,759
Net position, beginning of year	<u>10,715,964</u>	<u>7,830,328</u>	<u>13,436,552</u>	<u>96,400</u>		<u>1,926,282</u>
Net position, end of year	<u>\$ 11,013,203</u>	<u>\$ 8,222,005</u>	<u>\$ 14,332,525</u>	<u>\$ 89,573</u>		<u>\$ 2,078,041</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>57,926</u>	
Change in net position of business-type activities					<u>\$ 1,635,988</u>	

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS Year Ended June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Cash flows from operating activities:						
Cash received from customers	\$ 5,981,913	\$ 1,874,955	\$ 1,968,765	\$ 422,924	\$ 10,248,557	\$ 24,531
Cash received from grants	-	-	42,843	-	42,843	-
Cash received (payments) for interfund services	(88,837)	(36,009)	(28,213)	(102,033)	(255,092)	480,352
Cash payments to and on behalf of employees	(982,799)	(497,224)	(338,368)	(118,935)	(1,937,326)	(40,434)
Cash payments for goods, services and other	(4,011,236)	(509,680)	(1,036,174)	(223,691)	(5,780,781)	(52,534)
Net cash provided (used) by operating activities	<u>899,041</u>	<u>832,042</u>	<u>608,853</u>	<u>(21,735)</u>	<u>2,318,201</u>	<u>411,915</u>
Cash flows from non-capital financing activities:						
Other income	3,816	-	-	7,899	11,715	-
Interfund transfers in (out)	(173,474)	(43,012)	(46,194)	(9,990)	(272,670)	-
Net cash provided (used) by non-capital financing activities	<u>(169,658)</u>	<u>(43,012)</u>	<u>(46,194)</u>	<u>(2,091)</u>	<u>(260,955)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	728,760	-	728,760	-
Acquisition of capital assets	(40,345)	(880,567)	(581,564)	-	(1,502,476)	(180,467)
Proceeds from sale of capital assets	3,916	-	-	-	3,916	496
Principal payments on debt	(60,000)	(255,000)	(53,000)	-	(368,000)	-
Interest paid	(20,160)	(75,500)	(15,556)	-	(111,216)	-
Net cash provided (used) by capital and related financing activities	<u>(116,589)</u>	<u>(1,211,067)</u>	<u>78,640</u>	<u>-</u>	<u>(1,249,016)</u>	<u>(140,978)</u>
Cash flows from investing activities:						
Interest received	7,768	5,339	9,337	130	22,574	873
Rent received	3,415	-	14,944	-	18,359	-
Lease revenue received	3,380	-	41,495	-	44,875	-
Net cash provided by investing activities	<u>14,563</u>	<u>5,339</u>	<u>65,776</u>	<u>130</u>	<u>85,808</u>	<u>873</u>

continued

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended June 30, 2022

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Net increase (decrease) in cash, cash equivalents and investments	627,357	(416,698)	707,075	(23,696)	894,038	271,810
Cash, cash equivalents and investments, beginning of year	<u>4,984,244</u>	<u>1,471,758</u>	<u>3,262,200</u>	<u>120,278</u>	<u>9,838,480</u>	<u>536,244</u>
Cash, cash equivalents and investments, end of year	<u>\$ 5,611,601</u>	<u>\$ 1,055,060</u>	<u>\$ 3,969,275</u>	<u>\$ 96,582</u>	<u>\$ 10,732,518</u>	<u>\$ 808,054</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 468,006	\$ 543,833	\$ 347,029	\$ (4,866)	\$ 1,354,002	\$ 111,397
Adjustments:						
Depreciation	265,908	422,416	383,451	-	1,071,775	224,813
Change in assets and liabilities:						
Utility bills receivable	249,265	(28,802)	(17,831)	(1,523)	201,109	-
Accounts receivable	(3,501)	6,771	(215)	(19)	3,036	-
Due from other governments	-	-	(14,001)	-	(14,001)	-
Inventory	(11,029)	(13,096)	(7,535)	1,192	(30,468)	21,787
Accounts payable	71,270	(6,242)	41,476	4,614	111,118	56,191
Due to other governments	1,628	-	-	-	1,628	-
Deposits payable	400	-	125	-	525	-
Accrued wages payable	(23,553)	(12,291)	(9,848)	(2,104)	(47,796)	(1,103)
Compensated absences	(6,178)	3,286	(623)	(2,263)	(5,778)	(1,170)
Net pension asset and related deferred outflows and inflows of resources	<u>(113,175)</u>	<u>(83,833)</u>	<u>(113,175)</u>	<u>(16,766)</u>	<u>(326,949)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 899,041</u>	<u>\$ 832,042</u>	<u>\$ 608,853</u>	<u>\$ (21,735)</u>	<u>\$ 2,318,201</u>	<u>\$ 411,915</u>

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

CITY OF ST. LOUIS

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2022

	<i>Custodial Funds</i>				<i>Total</i>
	<i>Current Tax Collection Fund</i>	<i>Gratiot Downtown Art Banner Project</i>	<i>Bethany Trust</i>	<i>Michigan Public Power Rate Payers Association</i>	
Assets:					
Cash and cash equivalents	\$ -	\$ 427	\$ 2,347	\$ 14,045	\$ 16,819
Accounts receivable	-	-	3,446	-	3,446
Total assets	-	427	5,793	14,045	20,265
Liabilities:					
Accounts payable	-	-	-	-	-
Due to other governments	-	-	5,793	-	5,793
Total liabilities	-	-	5,793	-	5,793
Net position:					
Held for other organizations	\$ -	\$ 427	\$ -	\$ 14,045	\$ 14,472

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

CITY OF ST. LOUIS

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 Year Ended June 30, 2022

	<i>Custodial Funds</i>				<i>Total</i>
	<i>Current Tax Collection Fund</i>	<i>Gratiot Downtown Art Banner Project</i>	<i>Bethany Trust</i>	<i>Michigan Public Power Rate Payers Association</i>	
Additions:					
Contributions:					
Gifts and bequests	\$ -	\$ 2,800	\$ -	\$ -	\$ 2,800
Investment earnings:					
Interest	-	-	-	7	7
Property taxes collected for other governments	1,920,449	-	-	-	1,920,449
Utility billings collected for other governments	-	-	30,776	-	30,776
Total additions	<u>1,920,449</u>	<u>2,800</u>	<u>30,776</u>	<u>7</u>	<u>1,954,032</u>
Deductions:					
Payments on behalf of organizations	-	4,099	-	20	4,119
Property taxes paid to other governments	1,920,449	-	-	-	1,920,449
Utility billings paid to other governments	-	-	30,776	-	30,776
Total deductions	<u>1,920,449</u>	<u>4,099</u>	<u>30,776</u>	<u>20</u>	<u>1,955,344</u>
Net increase (decrease)	-	(1,299)	-	(13)	(1,312)
Net position, beginning of year	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>14,058</u>	<u>15,784</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ -</u>	<u>\$ 14,045</u>	<u>\$ 14,472</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the City of St. Louis, (the “City”):

Reporting Entity:

Located in Gratiot County, Michigan, St. Louis was settled in 1853 along the banks of the Pine River, became a village in 1868, and was incorporated in 1891 as the City of St. Louis. Organized under Michigan’s Comprehensive Home Rule City Act, the City of St. Louis is governed by a single ward, four member elected City Council and the Mayor. The Mayor is elected by the City at large and the City Council selects the mayor Pro Tem. The City Manager is appointed by the Council to administer the business of the City. The City of St. Louis provides the following services to approximately 7,400 residents as authorized by its charter: public safety (police), highways and streets, electric, water, sewer, sanitation, recreation, public improvements, zoning, planning and general administrative services.

The accompanying financial statements present the City as the primary government. Component units are separate legal entities for which the City is financially accountable. Blended component units are, in substance, part of the primary government’s operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The City has determined that it has two component units; a blended component unit and a discretely presented component unit.

Blended Component Unit:

Building Authority – The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were a part of the primary government because its primary purpose is to finance and construct the City’s public buildings. The Building Authority is reported as a debt service fund when there is activity. There is no activity in the current year.

Discretely Presented Component Unit:

Downtown Development Authority – The Downtown Development Authority (the “Authority”) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority is comprised of individuals from the management of the City as well as residents who are appointed by the City Council. In addition, the Authority’s budget is approved by the City Council. The Authority does not issue any other formal financial statements except as contained in the City’s annual financial statements. Detailed information can be obtained by contacting the City Finance Director.

Related Organization:

St. Louis Housing Commission – St. Louis Housing Commission was created under Public Act 18 of 1933. The City is responsible for appointing the members of the Board of Directors of the St. Louis Housing Commission but the City’s accountability for this organization does not extend beyond making the appointments. The City does receive an annual amount from the Housing Commission as payment in lieu of taxes (PILT) but receives no other financial benefit. The PILT amount received from the Housing Commission during fiscal year ended June 30, 2022 was \$4,394. Complete financial statements for the Housing Commission’s June 30, 2022 year end can be obtained by contacting the Housing Commission, 308 S. Delaware Street, St. Louis, Michigan.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Joint Ventures:

Mid-Michigan Community Fire Board District – The Mid-Michigan Community Fire Board District is a joint venture between the City of St. Louis and the Townships of Bethany, Pine River, and Jasper. The governing Board is comprised of five members consisting of one member from each Township and two members from the City. Each unit is responsible for funding its required local contribution to cover operational deficits based on the formula established. The City's operating contribution was \$114,786. The City received \$2,400 for accounting services provided. The provisions of the agreement do not explicitly state equity interest. The financial statements can be obtained at the City of St. Louis administration office.

Gratiot Area Water Authority – The Gratiot Area Water Authority (GAWA) is a joint venture between the City of St. Louis and the City of Alma. The purpose of the Authority is to acquire, own, improve, enlarge, extend and operate those portions of the City of Alma and the City of St. Louis water system which provide water treatment and supply to both cities. The governing board is comprised of six trustees, two appointed from each municipality plus the City Managers of each municipality. Funding of the initial improvements is to be provided by St. Louis and US EPA through terms of a Settlement Agreement related to contamination of the St. Louis City Wells. Ongoing the Authority will establish rates to be charged for wholesale water sold to Alma and St. Louis based on its cost of service. The City received \$12,884 for accounting services provided. The agreement has no stated equity interest provisions. The financial statements can be obtained at the City of St. Louis administration office.

Mid-Michigan Area Cable Communications Consortium – The Mid-Michigan Area Cable Communications Consortium is a joint venture between twelve Mid-Michigan communities with cable franchised agreements granted to Charter Communications. The Consortium is responsible for developing and monitoring the enforcement of the cable ordinance, negotiating and monitoring of cable franchise agreements, and, to the extent permitted by federal law, regulate cable rates. Additionally, the Consortium is responsible for the operation of public education and governmental access channels. Each community is permitted to appoint two members of the governing Board. The City remits 40% of the cable tv franchise fee it receives to the Consortium. For the year ended June 30, 2022, this amounted to \$17,844. The Consortium operates on a calendar year and produces separate financial statements. Per provisions of the agreement, there is no equity interest in the Consortium. Copies of the Mid-Michigan Area Cable Communications Consortium financial statements can be obtained by writing to Operations and Administrative Director, 312 West Michigan Street, Mt. Pleasant, MI 48860.

Gratiot Community Airport Authority – The City is a member of the Gratiot Community Airport Authority which operates the only public airport in Gratiot County. Under MCL 259.621, et. Seq. an agreement to establish the Gratiot Community Airport Authority was entered into on February 18, 2009 and amended on January 30, 2012. The Authority is operated by a six-person board, one member from each member municipality. The City is required to contribute \$4,000 per year. The City of St. Louis has no stated equity interest. The City of Alma maintains the accounting records for the Authority. Copies of the City of Alma financial statements can be obtained by writing to City of Alma, 525 E. Superior, Alma, MI 48801.

St. Louis Ithaca Pine River Transit Authority – The St. Louis Ithaca Pine River Transit Authority (SLIPR) is a joint venture between the City of St. Louis, City of Ithaca, and Pine River Township formed June 2021 under the provisions of Act 196, Public Acts of Michigan, 1986, as amended. The Authority is incorporated for the purpose of providing public transportation services to the residents and businesses of the incorporating units.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The governing Board is comprised of three (3) members, one member being appointed by each member unit. SLIPR submitted and passed a 0.96 mill operating millage proposal to the electors in November 2020 which is the sole revenue of the authority. Transportation services are provided by a contract with the City of Alma Transit. The City received \$10,555 for accounting services provided. The entities have no equity interest. The financial statements can be obtained at the City of St. Louis administration office.

Jointly Governed Organization:

Gratiot Area Solid Waste Authority – The City is a member of the Gratiot Area Solid Waste Authority which provides solid waste management services to its members. The Authority negotiates mutually beneficial waste management contracts with third-party service providers. Any local governmental unit under Act 7 of 1967 of the Michigan Public Acts is permitted to become a member of the Authority. Each member has one trustee on the board. No contributions were made to the Authority during the current fiscal year; the City paid for the solid waste services directly to the third-party service provider.

Gratiot County Central Dispatch Authority – The City is a member of Gratiot County Central Dispatch Authority. The Authority provides central dispatch services for police and fire services in Gratiot County. The governing Board is comprised of ten members. The Authority has responsibility for preparing the annual budget, which is approved by Gratiot County, and to carry out all activities of the Authority. The Authority receives funding from telephone surcharge fees and local contributions. A formula has been established to allocate the local contributions. The City made no contribution during the current fiscal year.

Alma SLIPR Transit Joint Administrative Board - The Alma SLIPR Transit Joint Administrative Board consists of the City Managers of the Cities of Ithaca and St. Louis, the Township Supervisor of Pine River Township, and one member appointed by the Alma City Commission. A member at large is appointed by the other four members. The Board is an oversight committee which meets periodically to review the performance of operations, budget and finance matters related to the agreement and provision of transportation services by the City of Alma to Alma and St. Louis Ithaca Pine River Transit Authority customers.

Accounting and Reporting Principles:

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Report Presentation:

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due. Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting:

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures that specific revenues were used for. The various funds are aggregated into two broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as "major" governmental funds:

General Fund is the City's primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Special Revenue Fund – Major Street Fund – The Major Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as major streets in the Village.

Special Revenue Fund – Public Safety Fund – The Public Safety Fund accounts for a special assessment levy for the purpose of providing public safety.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The City reports the following as “major” enterprise funds:

Enterprise Fund – Electric Fund accounts for the operations of the City’s electric system.

Enterprise Fund – Sewer Fund accounts for the revenues and expenses for the operation of the City’s sewer system.

Enterprise Fund – Water Fund accounts for the revenues and expenses for the operation of the City’s water system.

Additionally, the City reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds account for the acquisition or construction of major capital facilities by a governmental unit that is not accounted for by proprietary funds and trust funds.

Permanent Fund account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry. The City has one permanent fund for cemetery perpetual care.

Nonmajor Enterprise Fund – Solid Waste Fund accounts for revenues and expenses for operations of a garbage and rubbish collection system.

Internal Service Fund – Motor Pool Fund provides vehicle and equipment use to other departments or agencies of the government on a cost reimbursement basis.

Fiduciary Funds – Custodial Funds are used to account for the resources held in a fiduciary capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City’s own programs. Custodial Funds report fiduciary activities that are not required to be reported in trust funds.

Specific Balances and Transactions:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the City considers all investments (including restricted assets) to be cash equivalents. The investment policy adopted by the City Council is in accordance with Public Act 20 of 1943, as amended. The City’s deposits and investments have been made in accordance with statutory authority.

Inventories – Inventories are valued at cost, on a first-in, first-out basis in the proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, bridges, sidewalks and similar items), are defined by the City as assets with an individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Building improvements	15-30 years
Equipment	3-10 years
Infrastructure	5-30 years
Water and sewer systems	50-75 years

Long-term Obligations – In the government-wide financial statements and the proprietary fund types 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 effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The General Fund, Electric Fund, Sewer Fund and Water Fund, and debt service funds are generally used to liquidate long-term debt.

Unearned Revenue – Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned.

Deferred Outflows/Inflows 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 a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

Net Position Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Other classifications of fund balance include: nonspendable fund balance, which are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact; restricted fund balance, which are amounts that have constraints placed on their use by an external party or constitutional provisions or enabling legislation (grants, contributions, specific fee mandates); and unassigned fund balance, which are amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, unassigned balances also include negative balances in other governmental funds.

Property Taxes – Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on September 15th, at which time penalties and interest are assessed. Collections of all the taxes and remittances of them to the other taxing authorities are accounted for in an agency fund. The 2021 taxable valuation of the City totaled \$57,310,872 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 13.1178 mills for the City's operating purposes. Additionally, an Act 33 special assessment of 2 mills for public safety is levied on the real property taxable value of \$54,322,479.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences (vacation and sick leave) – Sick leave is earned at the rate of 10 hours per month, to be accumulated until a maximum of 500 hours is reached, and is kept to the employees' credit. If at the end of a fiscal year, an employee has accumulated sick leave greater than 500 hours, one-half of the accumulated sick leave in excess of 500 hours is paid to the employee and the remainder is lost. Sick leave is not paid upon termination. Upon retirement, employees hired before December 20, 1994, are entitled to be paid one half (1/2) of any accumulated unused sick leave at the rate of pay prevailing at the time of such retirement. This liability is measured using the vesting method as described in GASB Statement No. 16. Employees receive vacation time on July 1st based on the prior years' service. A maximum of 200 hours can be earned during the prior year. Added to earned vacation time is a maximum of 40 hours carryover of any prior year unused vacation time. Except for a 40-hour carryover, vacation time is to be used within the year received and is paid to employees upon termination.

Pension Costs – The City offered a defined benefit pension plan to its employees which closed to new employees after June 30, 1999. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Proprietary Funds Operating Classification – 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 proprietary funds are charges to customers for sales and services. The proprietary funds recognize as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

Leases – The City is a lessor for noncancelable leases of City-owned assets. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity:

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities' column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets for all governmental funds are adopted in compliance with Michigan Law. The budgets are prepared on the modified accrual basis, which is consistent with generally accepted accounting principles. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the function level for the general fund and special revenue funds. The City does not formally record encumbrances in the accounting records during the year as a normal practice. Appropriations lapse at the end of the fiscal year and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the City did not incur expenditures in excess of the amounts budgeted.

State Construction Code Act:

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000, reported in the General Fund, is as follows:

Cumulative surplus at July 1, 2021	\$	-
Current year building permit revenue		14,921
Related expenses:		
Direct costs		<u>92,082</u>
Cumulative surplus at June 30, 2022	\$	<u>-</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Summary of Deposit and Investment Balances:

The following is a reconciliation of deposit and investment balances as of June 30, 2022:

Statement of Net Position:

Cash and cash equivalents (including restricted):

Primary Government	\$ 10,635,453
Component Unit	97,984

Investments (including restricted):

Primary Government	6,485,159
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Statement of Fiduciary Assets and Liabilities:

Cash and cash equivalents:

Custodial Fund	16,819
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Total	<u>\$ 17,235,415</u>
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Deposits and Investments:

Bank deposits	\$ 10,749,963
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Investments:

Pooled investments - Michigan CLASS	6,485,159
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Cash on hand	293
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Total	<u>\$ 17,235,415</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a deposit policy for custodial credit risk. At year end, the City held \$10,195,053 of bank deposits (certificates of deposit, checking and cash) of which \$9,228,313 was exposed to custodial credit risk because they were uninsured and uncollateralized. The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those with an acceptable risk level are used for depositories.

Interest Rate Risk – Investments – Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year end, the average maturities of fixed income security investments are as follows:

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>
Pooled investments	\$ 6,485,159	\$ 6,485,159	\$ -	\$ -

Credit Risk – Investments – State law limits investments to specific government securities, certificates of deposit 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. The City’s investment policy does not have specific limits in excess of state law on investment credit risk. At year end, the credit quality ratings of fixed income securities are as follow:

<u>Investment Type</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Pooled investments	\$ 6,485,159	AAAm	S&P

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. State law does not require and the City does not have a policy for investment custodial credit risk. At year end, none of the City’s investments were subject to custodial credit risk due to one of the following: 1) Investments were part of an insured pool; 2) Investments were book-entry only in the name of the City and were fully insured; 3) Investments were part of a mutual fund; or 4) Investments were held by an agent in the City’s name.

NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The City has the following recurring fair value measurement as of June 30, 2022:

<u>Investment Type</u>	<u>Market Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Pooled investments	\$ 6,485,159	\$ -	\$ 6,485,159	\$ -

NOTE 5: RESTRICTED ASSETS AND BOND RESERVES

There are a number of limitations and restrictions contained in the various bond indentures, including requirements to maintain certain restricted assets. The City is in compliance with all significant provisions of the bond indentures. The City Charter also requires utility replacement reserves.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 5: RESTRICTED ASSETS AND BOND RESERVES, CONTINUED

	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Restricted cash and cash equivalents:				
Debt service	\$ 36,983	\$ 103,988	\$ 47,500	\$ 188,471
Replacement/Improvements	2,094,235	-	514,188	2,608,423
Restricted investments:				
Debt service	118,980	309,915	-	428,895
Replacement/Improvements	2,057,237	132,532	2,433,707	4,623,476
	<u>\$ 4,307,435</u>	<u>\$ 546,435</u>	<u>\$ 2,995,395</u>	<u>\$ 7,849,265</u>

In accordance with the City Charter, a reserve fund shall be created and maintained for each utility to provide for the replacement of old utility plant equipment and the purchase of additional utility plant equipment. A fund balance equal to 10% of the replacement cost of utility plant equipment shall be maintained for each utility. At June 30, 2022, the City's Sewer Fund and Water were not in compliance with the City Charter requirements because funds were not adequate.

NOTE 6: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	<i>July 1, 2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30, 2022</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,329,569	\$ -	\$ -	\$ 2,329,569
Construction in progress	194,132	651,624	(780,500)	65,256
Capital assets not being depreciated	<u>2,523,701</u>	<u>651,624</u>	<u>(780,500)</u>	<u>2,394,825</u>
Capital assets being depreciated:				
Buildings and improvements	4,937,965	26,130	(19,508)	4,944,587
Equipment and vehicles	3,869,207	226,013	(39,473)	4,055,747
Infrastructure - storm sewer	2,701,677	115,313	-	2,816,990
Infrastructure - streets	24,109,006	629,718	-	24,738,724
Infrastructure - sidewalks	1,105,188	58,163	-	1,163,351
Lease right-to-use assets - copiers	-	24,462	-	24,462
Capital assets being depreciated	<u>36,723,043</u>	<u>1,079,799</u>	<u>(58,981)</u>	<u>37,743,861</u>

continued

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6: CAPITAL ASSETS, CONTINUED

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(1,524,606)	(150,960)	19,508	(1,656,058)
Equipment and vehicles	(2,433,538)	(270,518)	39,473	(2,664,583)
Infrastructure - storm sewer	(2,627,412)	(5,981)	-	(2,633,393)
Infrastructure - streets	(20,795,940)	(248,542)	-	(21,044,482)
Infrastructure - sidewalks	(934,612)	(12,569)	-	(947,181)
Lease right-to-use assets - copiers	-	(690)	-	(690)
Accumulated depreciation and amortization	<u>(28,316,108)</u>	<u>(689,260)</u>	<u>58,981</u>	<u>(28,946,387)</u>
Capital assets being depreciated, net	<u>8,406,935</u>	<u>390,539</u>	<u>-</u>	<u>8,797,474</u>
Governmental activities, capital assets, net	<u>\$ 10,930,636</u>	<u>\$ 1,042,163</u>	<u>\$ (780,500)</u>	<u>\$ 11,192,299</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 981,872	\$ -	\$ (15,009)	\$ 966,863
Construction in progress	<u>1,194,206</u>	<u>1,484,639</u>	<u>(1,223,290)</u>	<u>1,455,555</u>
Capital assets not being depreciated	<u>2,176,078</u>	<u>1,484,639</u>	<u>(1,238,299)</u>	<u>2,422,418</u>
Capital assets being depreciated:				
Buildings and improvements	1,164,976	-	-	1,164,976
Equipment	550,930	64,692	(38,764)	576,858
Electric system	12,734,896	-	-	12,734,896
Sewer system	18,691,014	993,577	(115,000)	19,569,591
Water system	<u>17,950,595</u>	<u>243,030</u>	<u>-</u>	<u>18,193,625</u>
Capital assets being depreciated	<u>51,092,411</u>	<u>1,301,299</u>	<u>(153,764)</u>	<u>52,239,946</u>
Less accumulated depreciation for:				
Buildings and improvements	(981,870)	(18,260)	-	(1,000,130)
Equipment	(354,461)	(33,600)	38,764	(349,297)
Electric system	(7,551,247)	(220,724)	-	(7,771,971)
Sewer system	(8,852,191)	(419,873)	74,750	(9,197,314)
Water system	<u>(8,254,501)</u>	<u>(379,318)</u>	<u>-</u>	<u>(8,633,819)</u>
Accumulated depreciation	<u>(25,994,270)</u>	<u>(1,071,775)</u>	<u>113,514</u>	<u>(26,952,531)</u>
Capital assets being depreciated, net	<u>25,098,141</u>	<u>229,524</u>	<u>(40,250)</u>	<u>25,287,415</u>
Business-type activities capital assets, net	<u>\$ 27,274,219</u>	<u>\$ 1,714,163</u>	<u>\$ (1,278,549)</u>	<u>\$ 27,709,833</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6: CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
General government	\$ 85,950	\$ -
Public safety	32,830	-
Public works	273,432	-
Recreation and culture	71,545	-
Electric	-	265,908
Sewer	-	422,416
Water	-	383,451
Internal Service Fund	224,813	-
	<u>\$ 688,570</u>	<u>\$ 1,071,775</u>

NOTE 7: LONG-TERM LIABILITIES

The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity for the year ended June 30, 2022 is summarized as follows:

	<i>July 1, 2021</i>	<i>Additions</i>	<i>(Reductions)</i>	<i>June 30, 2022</i>	<i>Due Within One Year</i>
Governmental activities:					
<i>Leases payable:</i>					
Copiers/printers	\$ -	\$ 24,463	\$ (697)	\$ 23,766	\$ 4,423
<i>Direct placements:</i>					
2014 Capital Improvement Bond	1,476,000	-	(23,000)	1,453,000	24,000
<i>Other liabilities:</i>					
Compensated absences payable	106,379	-	(673)	105,706	88,304
Total governmental activities	<u>\$ 1,582,379</u>	<u>\$ 24,463</u>	<u>\$ (24,370)</u>	<u>\$ 1,582,472</u>	<u>\$ 116,727</u>
Business-type Activities:					
<i>Direct placements:</i>					
2013 Water Supply and Sewage Disposal Revenue Bond	\$ 3,775,000	\$ -	\$ (255,000)	\$ 3,520,000	\$ 255,000
2015 Electric Revenue Bonds	690,000	-	(60,000)	630,000	60,000
2020 Water Supply and Sewage Disposal System Revenue Bond	900,000	-	(53,000)	847,000	53,000
<i>Other liabilities:</i>					
Compensated absences payable	128,077	-	(5,778)	122,299	93,957
Total business-type activities	<u>\$ 5,493,077</u>	<u>\$ -</u>	<u>\$ (373,778)</u>	<u>\$ 5,119,299</u>	<u>\$ 461,957</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

Debt issues outstanding for the City as of June 30, 2022 are as follows:

	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Governmental activities:				
<i>Leases payable:</i>				
Police copier	2028	\$ 5,468	2.50%	\$ 5,375
City hall copier/2 printers	2028	18,995	2.50%	18,391
<i>Direct placements:</i>				
2014 Capital Improvement Bond	2055	1,600,000	3.50%	1,453,000
Business-type Activities:				
<i>Direct placements:</i>				
2013 Water Supply and Sewage Disposal Revenue Bond	2034	5,445,000	2.00%	3,520,000
2015 Electric Revenue Bonds	2031	950,000	2.25-3.55%	630,000
2020 Water Supply and Sewage Disposal System Revenue Bond	2035	950,000	1.59-1.87%	847,000

Annual debt service requirements to maturity for the direct placements for the year ended June 30, 2022 are as follows:

<i>Fiscal Year Ended</i>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Direct Placements</u>			<u>Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>June 30,</i>						
2023	\$ 24,000	\$ 50,436	\$ 74,436	\$ 374,000	\$ 104,019	\$ 478,019
2024	25,000	49,578	74,578	391,000	96,474	487,474
2025	26,000	48,685	74,685	397,000	88,478	485,478
2026	27,000	47,758	74,758	404,000	80,179	484,179
2027	28,000	46,796	74,796	416,000	71,504	487,504
2028-2032	155,000	218,315	373,315	2,145,000	217,196	2,362,196
2033-2037	182,000	188,933	370,933	870,000	27,860	897,860
2038-2042	216,000	154,176	370,176	-	-	-
2043-2047	256,000	112,982	368,982	-	-	-
2048-2052	305,000	63,965	368,965	-	-	-
2053-2055	209,000	11,148	220,148	-	-	-
	<u>\$ 1,453,000</u>	<u>\$ 992,772</u>	<u>\$ 2,445,772</u>	<u>\$ 4,997,000</u>	<u>\$ 685,710</u>	<u>\$ 5,682,710</u>

Leases Payable - \$24,462 has been recorded as lease right-to-use assets in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, these leases for copiers/printers met the criteria of a lease; thus, requiring it to be recorded by the City. The assets will be amortized over the lease term of 63 months and the City is not taking ownership of the copiers/printers. The leases will end in 2028.

A summary of the principal and interest amounts for the remaining lease is as follows:

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Leases Payable</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 4,423	\$ 544	\$ 4,967
2024	4,535	432	4,967
2025	4,649	318	4,967
2026	4,766	201	4,967
2027	4,888	79	4,967
2028	505	2	507
	<u>\$ 23,766</u>	<u>\$ 1,576</u>	<u>\$ 25,342</u>

NOTE 8: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires or allows to expend them, (2) move receipts restricted to 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 various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers during the current fiscal year were as follows:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
General Fund	Public Safety Fund	\$ 852,675
Major Street Fund	Nonmajor Governmental Fund Local Street Fund	139,194
Electric Fund	Internal Service Fund	38,993
Electric Fund	Nonmajor Governmental Fund Public Improvement Fund	134,481
Sewer Fund	Nonmajor Governmental Fund Public Improvement Fund	43,012
Water Fund	Nonmajor Governmental Fund Public Improvement Fund	46,194
Solid Waste Fund	Nonmajor Governmental Fund Public Improvement Fund	9,990
		<u>\$ 1,264,539</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	
	<i>Activities</i>	<i>Activities</i>		
Receivables:				
Property taxes	\$ 5,232	\$ -	\$ 5,232	\$ -
Utility bills	-	1,034,527	1,034,527	-
Accounts	35,032	16,826	51,858	-
Accrued interest	23	461	484	-
Intergovernmental	250,841	137,196	388,037	-
Leases	-	192,743	192,743	21,362
Total receivables	<u>\$ 291,128</u>	<u>\$ 1,381,753</u>	<u>\$ 1,672,881</u>	<u>\$ 21,362</u>
Accounts payable and accrued expenses:				
Accounts	\$ 193,677	\$ 740,354	\$ 934,031	\$ 55
Payroll liabilities	28,612	21,488	50,100	-
Deposits payable	-	38,720	38,720	-
Accrued interest	16,902	23,316	40,218	-
Intergovernmental	3,726	3,411	7,137	-
Total accounts payable and accrued expenses	<u>\$ 242,917</u>	<u>\$ 827,289</u>	<u>\$ 1,070,206</u>	<u>\$ 55</u>

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The City manages risk through the purchase of commercial insurance. There was no change in coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Liability, vehicle physical damage and property and crime – The City is a member of the Michigan Municipal Liability and Property Pool, which is an association organized to purchase commercial insurance for protection against loss for Michigan cities, counties, townships and special service governments. The City is insured up to the following limits: Liability - \$5,000,000, vehicle physical damage - \$5,000,000 and property and crime - \$5,000,000, subject to deductibles of \$1,000, \$100-\$250 and \$5,000, respectively. When a claim is incurred and/or paid, the member's loss contribution account is charged or credited according to the member's actual loss experience; no obligation is credited for another member's losses. If contributions are in excess of actual expenses and reserves, future contributions are increased. Should any member have more losses paid on their behalf than contributions covering such losses, credit is extended within the association joint loss fund; such a deficit is repaid by the member in future contributions. The Plan does not maintain separate funds for members and consequently the City's share of total assets and total equity is unknown. Audited financial statements of the Plan are available.

Worker's compensation – The City purchases coverage through the Michigan Municipal Workers' Compensation Fund. The Fund is authorized by State law to provide its members with coverage required by the Workers' Disability Compensation Act. Claims are subject to a maximum limit of \$500,000 per occurrence.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

The City has two employee pension plans: a Defined Contribution Plan and a Defined Benefit Plan (closed to all new hires beginning July 1, 1999), both administered by the MERS Retirement Board, of the Municipal Employee's Retirement System of Michigan (MERS).

Defined Benefit Pension Plan (Municipal Employees' Retirement System of Michigan):

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, if any, 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.

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

Benefits Provided – The following are the benefits provided from the December 31, 2021 valuation. All divisions are closed to new hires.

	<u>General NonUnion</u>	<u>Police & Fire</u>
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.25% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	4.88%	0.53%
DC Plan for New Hires:	6/15/1998	1/1/2000
Act 88:	Yes (Adopted 11/18/1970)	Yes (Adopted 11/18/1970)
	<u>City Manager</u>	<u>Electric Union</u>
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/15	55/25
Early Retirement (Reduced):	50/25	50/25
		55/15
Final Average Compensation:	3 years	5 years
COLA for Future Retirees:	2.50% (Non-Compound)	
Employee Contributions:	2.00%	4.88%
DC Plan for New Hires:	6/1/2013	7/1/1999
Act 88:	Yes (Adopted 11/18/1970)	Yes (Adopted 11/18/1970)

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits (including refunds)	3
Active employees	<u>3</u>
Total	<u>34</u>

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The City 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 City may establish contribution rates to be paid by its covered employees. All divisions are closed to new employees. The annual City minimum required contributions (no phase-in), for the current year, were \$21,516 for General NonUnion, \$22,536 Police & Fire, \$32,280 City Manager, and \$265,284 Electric Union. These amounts are equal to the actuarially determined contribution based on the valuation payroll from the December 31, 2019 actuarial valuation.

Net Pension Liability – The City’s net pension liability reported at June 30, 2022 was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2021 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: 7.00%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

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

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

Asset Class	Target Allocation	Long-term Expected Gross Return	Long-term Expected Gross Return Contribution	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City.

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

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/20	\$ 7,858,788	\$ 7,071,744	\$ 787,044
Service cost	21,467	-	21,467
Interest on total pension liability	574,207	-	574,207
Difference between expected and actual experience	51,435	-	51,435
Changes in assumptions	235,660	-	235,660
Employer contributions	-	657,862	(657,862)
Employee contributions	-	10,141	(10,141)
Net investment income (loss)	-	997,474	(997,474)
Benefit payments, including employee refunds	(628,322)	(628,322)	-
Administrative expenses	2	(11,444)	11,446
Net changes	254,449	1,025,711	(771,262)
Balances at 12/31/21	<u>\$ 8,113,237</u>	<u>\$ 8,097,455</u>	<u>\$ 15,782</u>

The net pension liability (asset) is recorded as follows:

Governmental activities	\$ (80,957)
Business-type activities	96,739
	<u>\$ 15,782</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the change in net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City’s net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	<i>1% Decrease Rate 6.25%</i>	<i>Current Rate 7.25%</i>	<i>1% Increase Rate 8.25%</i>
Change in net pension liability as of 12/31/21	<u>\$ 745,512</u>	<u>\$ -</u>	<u>\$ (642,789)</u>

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.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022; the City recognized pension expense, on the defined benefit plan, of \$207,970. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 552,143
Contributions subsequent to the measurement date	230,808	-
	<u>\$ 230,808</u>	<u>\$ 552,143</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Governmental activities	\$ 41,453	\$ 124,999
Business-type activities	189,355	427,144
	<u>\$ 230,808</u>	<u>\$ 552,143</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$230,808), which will impact the net pension liability in fiscal year 2023, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2023	\$ (78,208)
2024	(223,391)
2025	(158,754)
2026	(91,790)

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Defined Contribution Pension Plan (Municipal Employees' Retirement System of Michigan):

Beginning July 1, 1999, all new hires are eligible to participate in the Defined Contribution Money Purchase Plan. This is the only pension plan available to new hires after that date. The plan is a single employer defined contribution pension plan, established by the City and administered by MERS Retirement Board. The City's contribution is 8% of each participant's wages for the plan year contingent upon the participant electing to contribute 3% of earnings. The participants' contributions are immediately 100% vested and the City's contributions are vested over a five-year period. Employer contributions for the plan were \$148,298 for the year ended June 30, 2022. Employee contributions for the plan were \$55,612 for the year ended June 30, 2022. Plan provisions and contribution requirements are established and may be amended by the City Council.

NOTE 12: CONSTRUCTION COMMITMENTS

The City has construction contracts for projects in process within the City. As of June 30, 2022, the City had outstanding work to be completed on construction contracts as shown below:

	<i><u>Construction Commitments</u></i>
M-46 Watermain	\$ 1,502,020
Water Supply Replacement Project	
Well #12	2,450,000
Well Abandonments	<u>591,287</u>
	<u>\$ 4,543,307</u>

NOTE 13: TAX ABATEMENTS

Industrial Facilities Exemption:

The City has entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption (IFE)) PA 198 of 1974, as amended. PA 198 of 1974, as amended is designed to maintain existing jobs and create new job opportunities for residents by providing substantial property tax incentives to industry to renovate and expand aging manufacturing plants or to build new plants. An IFE certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the City. This is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

The City Council evaluates all PA 198 applications to determine that a good public purpose for the City would be served, that is, an economic growth, expanded tax base, and job creation. The City has the right to revoke the exemption and the recipient would be responsible to pay to the affecting taxing units an amount equal to those taxes it would have paid had the abatement not been in effect if the recipient is determined to be in violation of the provisions of the written agreement, such as insufficient job creation and/or investment. For the fiscal year ended June 30, 2022, there was \$15,133 of property tax revenue abated under this program.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 13: TAX ABATEMENTS, CONTINUED

Gratiot County Brownfield Redevelopment Authority Abatements:

The City receives reduced property tax revenues as a result of Brownfield Redevelopment Agreements under PA 381 of 1996, as amended, granted by Gratiot County. These agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. For the fiscal year ended June 30, 2022 there was \$1,321 of property tax revenue abated under this program.

NOTE 14: RESTATEMENT OF BEGINNING FUND BALANCE

Correction of an Error – The City previously reported the Public Safety activity as a department of the General Fund. Because the revenue generated for this activity is from a service type special assessment district, inclusion in the General Fund is prohibited and should be reported in a separate fund. The effect on the beginning fund balance is as follows:

	<i>Fund Statements</i>	
	<i>General Fund</i>	<i>Public Safety Fund</i>
Fund balance, previously stated June 30, 2021	\$ 1,409,594	\$ -
Reclassify public safety fund balance to a separate fund	(25,484)	25,484
Fund balance, restated June 30, 2021	<u>\$ 1,384,110</u>	<u>\$ 25,484</u>

NOTE 15: LEASES RECEIVABLE

The City has entered into several agreements as a lessor. In addition, the Downtown Development Authority (DDA) has entered into one agreement as a lessor.

The City's Electric Fund entered into a ten-year pole occupancy lease agreement in May 2014 with an automatic ten (10) year renewal through August 2033. Based on this agreement, the City is receiving annual payments of \$2,872. The lease receivable reported is \$29,464 at June 30, 2022. For year end, the City reported lease revenue of \$2,427 and interest revenue of \$789 related to lease payments received.

The City's Electric Fund entered into a ten-year pole occupancy lease agreement in August 2017 with no renewal options. Based on this agreement, the City is receiving annual payments of \$509 through August 2026. The lease receivable reported is \$2,363 at June 30, 2022. For year end, the City reported lease revenue of \$467 and interest revenue of \$70 related to lease payments received.

The City's Water Fund entered into a five-year water tower space lease agreement originally in 1998 with extension agreements for five years through August 2023 with no additional renewal options. Based on this agreement, the City is receiving monthly payments of \$1,779, increasing 3% each subsequent year. The lease receivable reported is \$25,362 at June 30, 2022. For year end, the City reported lease revenue of \$20,301 and interest revenue of \$911 related to lease payments received.

The City's Water Fund entered into a five-year water tower space lease agreement in December 2020 with four auto renewals of five years each through December 2028. Based on this agreement, the City is receiving monthly payments of \$1,711, increasing 3% each subsequent year. The City is reporting a lease receivable of \$135,554 at June 30, 2022. For year end, the City reported lease revenue of \$16,665 and interest revenue of \$3,617 related to lease payments received.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 15: LEASES RECEIVABLE, CONTINUED

The Downtown Development Authority (DDA) entered into two-year building lease agreement originally in 2009 with seven auto renewals of two years each through September 2025. Based on this agreement, the City is receiving monthly payments of \$528, increasing 5% each subsequent year. The lease receivable reported is \$21,362 at June 30, 2022. For year end, the DDA reported lease revenue of \$5,464 and interest revenue of \$559 related to lease payments received.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. LOUIS

SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 21,467	\$ 28,733	\$ 27,449	\$ 26,371
Interest on total pension liability	574,207	563,762	575,965	593,370
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	51,435	(36,769)	(2,393)	(219,932)
Changes in assumptions	235,660	205,704	230,181	-
Benefit payments, including employee refunds	(628,322)	(612,390)	(614,601)	(621,215)
Other changes	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	254,449	149,040	216,601	(221,406)
Total pension liability - beginning	<u>7,858,788</u>	<u>7,709,748</u>	<u>7,493,147</u>	<u>7,714,553</u>
Total pension liability - ending	<u>\$ 8,113,237</u>	<u>\$ 7,858,788</u>	<u>\$ 7,709,748</u>	<u>\$ 7,493,147</u>
Plan fiduciary net position				
Contributions - employer	\$ 657,862	\$ 502,854	\$ 456,066	\$ 432,552
Contributions - employee	10,141	10,986	10,633	10,234
Net investment income (loss)	997,474	814,598	776,959	(238,958)
Benefit payments, including employee refunds	(628,322)	(612,390)	(614,601)	(621,215)
Administrative expenses	<u>(11,444)</u>	<u>(12,816)</u>	<u>(13,383)</u>	<u>(11,914)</u>
Net change in plan fiduciary net position	1,025,711	703,232	615,674	(429,301)
Total plan fiduciary net position - beginning	<u>7,071,744</u>	<u>6,368,512</u>	<u>5,752,838</u>	<u>6,182,139</u>
Total plan fiduciary net position - ending	<u>\$ 8,097,455</u>	<u>\$ 7,071,744</u>	<u>\$ 6,368,512</u>	<u>\$ 5,752,838</u>
City's net pension liability	\$ 15,782	\$ 787,044	\$ 1,341,236	\$ 1,740,309
Plan fiduciary net position as a percentage of the total pension liability	99.81%	89.99%	82.60%	76.77%
Covered employee payroll	\$ 217,905	\$ 292,357	\$ 278,289	\$ 267,858
City's net pension liability as a percentage of covered employee payroll	7.24%	269.21%	481.96%	649.71%

Note: GASB Statement No. 68 was implemented for the year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of data is displayed. Information presented in this schedule is as of the measurement date of December 31 of each year.

continued

CITY OF ST. LOUIS

SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service cost	\$ 25,952	\$ 32,244	\$ 30,251	\$ 30,348
Interest on total pension liability	592,021	606,193	601,032	600,818
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	20,122	(199,017)	(118,385)	-
Changes in assumptions	-	-	398,731	-
Benefit payments, including employee refunds	(621,667)	(605,162)	(635,752)	(621,289)
Other changes	-	-	2	-
Net change in total pension liability	16,428	(165,742)	275,879	9,877
Total pension liability - beginning	<u>7,698,125</u>	<u>7,863,867</u>	<u>7,587,988</u>	<u>7,578,111</u>
Total pension liability - ending	<u>\$ 7,714,553</u>	<u>\$ 7,698,125</u>	<u>\$ 7,863,867</u>	<u>\$ 7,587,988</u>
Plan fiduciary net position				
Contributions - employer	\$ 370,728	\$ 399,556	\$ 351,822	\$ 451,191
Contributions - employee	12,245	13,158	12,535	14,871
Net investment income (loss)	742,075	597,269	(83,639)	345,343
Benefit payments, including employee refunds	(621,667)	(605,162)	(635,752)	(621,289)
Administrative expenses	(11,764)	(11,786)	(12,249)	(12,669)
Net change in plan fiduciary net position	491,617	393,035	(367,283)	177,447
Total plan fiduciary net position - beginning	<u>5,690,522</u>	<u>5,297,487</u>	<u>5,664,770</u>	<u>5,487,323</u>
Total plan fiduciary net position - ending	<u>\$ 6,182,139</u>	<u>\$ 5,690,522</u>	<u>\$ 5,297,487</u>	<u>\$ 5,664,770</u>
City's net pension liability	\$ 1,532,414	\$ 2,007,603	\$ 2,566,380	\$ 1,923,218
Plan fiduciary net position as a percentage of the total pension liability	80.14%	73.92%	67.36%	74.65%
Covered employee payroll	\$ 264,600	\$ 325,067	\$ 311,442	\$ 311,066
City's net pension liability as a percentage of covered employee payroll	579.14%	617.60%	824.03%	618.27%

CITY OF ST. LOUIS

SCHEDULE OF CITY DEFINED BENEFIT PLAN PENSION CONTRIBUTIONS

<i>Fiscal Year Ended June 30,</i>	<i>Actuarially Determined Contribution</i>	<i>Employer Contributions</i>	<i>Contribution (Excess) Deficiency</i>	<i>Covered Payroll</i>	<i>ADC as a Percentage of Covered Payroll</i>	<i>Employer Contributions as Percentage of Covered Payroll</i>
2013	\$ 229,954	\$ 389,061	\$ (159,107)	\$ 470,555	48.87%	82.68%
2014	266,620	717,523	(450,903)	435,849	61.17%	164.63%
2015	332,885	428,885	(96,000)	311,066	107.01%	137.88%
2016	278,892	378,892	(100,000)	311,442	89.55%	121.66%
2017	320,220	320,220	-	325,067	98.51%	98.51%
2018	349,356	428,424	(79,068)	264,600	132.03%	161.91%
2019	364,800	429,492	(64,692)	267,858	136.19%	160.34%
2020	417,948	461,076	(43,128)	278,289	150.18%	165.68%
2021	458,376	523,068	(64,692)	292,357	156.79%	178.91%
2022	341,616	627,007	(285,391)	217,905	156.77%	287.74%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.35% net of investment and administrative expense including inflation
Retirement age	50-60 years of age depending on years of credited services
Mortality	50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

Note: Information presented in this schedule is as of fiscal year end of each year.

CITY OF ST. LOUIS

GENERAL FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 778,565	\$ 786,141	\$ 782,180	\$ (3,961)
Licenses and permits	18,150	44,850	46,293	1,443
Federal grants	-	18,000	690	(17,310)
State grants	588,062	752,587	761,435	8,848
Charges for services	747,641	729,156	719,747	(9,409)
Investment income and rentals	5,300	6,700	7,122	422
Other revenue	10,700	30,617	32,728	2,111
	<u>2,148,418</u>	<u>2,368,051</u>	<u>2,350,195</u>	<u>(17,856)</u>
Expenditures:				
Current				
General government				
Council	23,128	23,698	20,875	2,823
Manager	31,306	32,569	29,111	3,458
Clerk	36,057	37,260	34,125	3,135
Board of review	2,550	1,751	1,751	-
Treasurer/Finance department	87,248	82,329	71,793	10,536
Assessor	73,826	73,826	72,732	1,094
Elections	24,110	23,843	20,252	3,591
City hall	171,280	175,866	153,749	22,117
Corporate council	10,200	2,200	1,460	740
Total general government	<u>459,705</u>	<u>453,342</u>	<u>405,848</u>	<u>47,494</u>
Public safety				
Building inspection/Code enforcement	97,656	102,371	92,082	10,289
Public works				
Department of public works	276,278	186,288	182,738	3,550
Cemetery	119,232	133,047	125,670	7,377
Total public works	<u>395,510</u>	<u>319,335</u>	<u>308,408</u>	<u>10,927</u>
Community and economic development				
Planning	33,099	29,649	1,855	27,794
Economic development	90,240	95,358	84,856	10,502
Industrial Park	20,217	20,217	9,459	10,758
Community promotion	20,647	18,277	16,130	2,147
Total community and economic development	<u>164,203</u>	<u>163,501</u>	<u>112,300</u>	<u>51,201</u>

continued

CITY OF ST. LOUIS

GENERAL FUND BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
Recreation and culture				
City pool	49,756	78,846	77,810	1,036
Parks maintenance	88,575	92,770	80,896	11,874
Total recreation and culture	138,331	171,616	158,706	12,910
Other				
Pension	46,027	156,407	154,721	1,686
Capital outlay				
General government				
City hall	-	6,000	5,484	516
Public works				
Department of public works	17,500	17,000	-	17,000
Cemetery	13,000	-	-	-
Recreation and culture				
Parks maintenance	33,000	750	750	-
Total capital outlay	63,500	23,750	6,234	17,516
Debt service				
Principal	23,000	23,604	23,604	-
Interest and fees	51,258	51,154	51,147	7
Total debt service	74,258	74,758	74,751	7
Total expenditures	1,439,190	1,465,080	1,313,050	152,030
Excess (deficiency) of revenues over expenditures	709,228	902,971	1,037,145	134,174
Other financing sources (uses):				
Sale of capital assets	-	41,114	41,114	-
Proceeds from lease financing	-	-	18,995	18,995
Insurance recoveries	-	60,850	60,850	-
Interfund transfers out	(869,024)	(852,675)	(852,675)	-
Net other financing sources (uses)	(869,024)	(750,711)	(731,716)	18,995
Change in fund balance	(159,796)	152,260	305,429	153,169
Fund balance, beginning of year, restated	1,384,110	1,384,110	1,384,110	-
Fund balance, end of year	\$ 1,224,314	\$ 1,536,370	\$ 1,689,539	\$ 153,169

CITY OF ST. LOUIS

MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Federal grants	\$ 375,000	\$ 375,000	\$ 304,220	\$ (70,780)
State grants	575,775	575,775	566,646	(9,129)
Charges for services	12,780	12,780	10,488	(2,292)
Investment income and rentals	650	650	705	55
Other revenue	391	794	11,029	10,235
Total revenues	<u>964,596</u>	<u>964,999</u>	<u>893,088</u>	<u>(71,911)</u>
Expenditures:				
Current				
Public works	574,750	203,870	168,617	35,253
Capital outlay	<u>556,800</u>	<u>650,874</u>	<u>684,929</u>	<u>(34,055)</u>
Total expenditures	<u>1,131,550</u>	<u>854,744</u>	<u>853,546</u>	<u>1,198</u>
Excess (deficiency) of revenues over expenditures	<u>(166,954)</u>	<u>110,255</u>	<u>39,542</u>	<u>(70,713)</u>
Other financing sources (uses):				
Interfund transfers in	300,000	150,000	-	(150,000)
Interfund transfers out	<u>(141,444)</u>	<u>(141,444)</u>	<u>(139,194)</u>	<u>2,250</u>
Net other financing sources (uses)	<u>158,556</u>	<u>8,556</u>	<u>(139,194)</u>	<u>(147,750)</u>
Change in fund balance	(8,398)	118,811	(99,652)	(218,463)
Fund balance, beginning of year	<u>734,952</u>	<u>734,952</u>	<u>734,952</u>	<u>-</u>
Fund balance, end of year	<u>\$ 726,554</u>	<u>\$ 853,763</u>	<u>\$ 635,300</u>	<u>\$ (218,463)</u>

CITY OF ST. LOUIS

PUBLIC SAFETY FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
Revenues:				
Taxes	\$ 108,640	\$ 108,640	\$ 108,640	\$ -
Federal grants	55,000	-	-	-
State grants	14,924	17,473	17,473	-
Fines and forfeits	600	2,655	2,660	5
Investment income and rentals	50	5	55	50
Other revenue	3,000	15,983	16,078	95
Total revenues	<u>182,214</u>	<u>144,756</u>	<u>144,906</u>	<u>150</u>
Expenditures:				
Current				
Public safety	993,129	997,331	956,458	40,873
Capital outlay	60,000	-	-	-
Debt service				
Principal	-	100	93	7
Total expenditures	<u>1,053,129</u>	<u>997,431</u>	<u>956,551</u>	<u>40,880</u>
Excess (deficiency) of revenues over expenditures	<u>(870,915)</u>	<u>(852,675)</u>	<u>(811,645)</u>	<u>41,030</u>
Other financing sources (uses):				
Proceeds from lease financing	-	-	5,467	5,467
Interfund transfers in	855,452	852,675	852,675	-
Net other financing sources (uses)	<u>855,452</u>	<u>852,675</u>	<u>858,142</u>	<u>5,467</u>
Change in fund balance	(15,463)	-	46,497	46,497
Fund balance, beginning of year, restated	<u>25,484</u>	<u>25,484</u>	<u>25,484</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,021</u>	<u>\$ 25,484</u>	<u>\$ 71,981</u>	<u>\$ 46,497</u>

SUPPLEMENTARY INFORMATION

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>
	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>	<i>Public Improvement Fund</i>
Assets:			
Cash and cash equivalents	\$ 883,256	\$ 419,485	\$ 1,103,429
Investments	-	450,125	-
Accrued interest receivable	-	-	-
Due from other governments	33,377	-	-
Prepaid expenditures	-	5,333	-
Total assets	<u>\$ 916,633</u>	<u>\$ 874,943</u>	<u>\$ 1,103,429</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 450	\$ 3,467	\$ -
Accrued wages payable	899	2,045	-
Total liabilities	<u>1,349</u>	<u>5,512</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	5,333	-
Nonexpendable cemetery principal	-	-	-
Restricted for:			
Library operations	-	864,098	-
Streets	915,284	-	-
Committed to:			
Capital improvements	-	-	1,103,429
Cemetery operations	-	-	-
Total fund balances	<u>915,284</u>	<u>869,431</u>	<u>1,103,429</u>
Total liabilities and fund balances	<u>\$ 916,633</u>	<u>\$ 874,943</u>	<u>\$ 1,103,429</u>

continued

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2022

	<u>Permanent Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 231,769		\$ 2,637,939
Investments	16,055		466,180
Accrued interest receivable	23		23
Due from other governments	-		33,377
Prepaid expenditures	-		5,333
	<u>-</u>		<u>5,333</u>
Total assets	<u>\$ 247,847</u>		<u>\$ 3,142,852</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -		\$ 3,917
Accrued wages payable	-		2,944
	<u>-</u>		<u>2,944</u>
Total liabilities	<u>-</u>		<u>6,861</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-		5,333
Nonexpendable cemetery principal	189,995		189,995
Restricted for:			
Library operations	-		864,098
Streets	-		915,284
Committed to:			
Capital improvements	-		1,103,429
Cemetery operations	57,852		57,852
	<u>57,852</u>		<u>57,852</u>
Total fund balances	<u>247,847</u>		<u>3,135,991</u>
Total liabilities and fund balances	<u>\$ 247,847</u>		<u>\$ 3,142,852</u>

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2022

	<i>Special Revenue Funds</i>		<i>Capital Projects Fund</i>
	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>	<i>Public Improvement Fund</i>
Revenues:			
State grants	\$ 218,785	\$ 9,727	\$ -
Contributions from other units	-	193,258	-
Charges for services	-	362	-
Fines and forfeits	-	69,497	-
Investment income and rentals	1,000	970	1,301
Other revenue	10,500	28,838	-
Total revenues	230,285	302,652	1,301
Expenditures:			
Current			
Public works	166,275	-	-
Recreation and culture	-	197,925	-
Capital outlay	-	14,769	-
Total expenditures	166,275	212,694	-
Excess (deficiency) of revenues over expenditures	64,010	89,958	1,301
Other financing sources (uses):			
Interfund transfers in	139,194	-	233,677
Changes in fund balances	203,204	89,958	234,978
Fund balances, beginning of year	712,080	779,473	868,451
Fund balances, end of year	\$ 915,284	\$ 869,431	\$ 1,103,429

continued

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2022

	<i>Permanent Fund</i>	<i>Cemetery Perpetual Care Fund</i>	<i>Total</i>
Revenues:			
State grants	\$ -		\$ 228,512
Contributions from other units	-		193,258
Charges for services	3,175		3,537
Fines and forfeits	-		69,497
Interest and rents	102		3,373
Other revenue	-		39,338
Total revenues	3,277		537,515
Expenditures:			
Current			
Public works	-		166,275
Recreation and culture	-		197,925
Capital outlay	-		14,769
Total expenditures	-		378,969
Excess (deficiency) of revenues over expenditures	3,277		158,546
Other financing sources (uses):			
Interfund transfers in	-		372,871
Changes in fund balances	3,277		531,417
Fund balances, beginning of year	244,570		2,604,574
Fund balances, end of year	\$ 247,847		\$ 3,135,991

CITY OF ST. LOUIS

WATER FUND COMBINING STATEMENT OF NET POSITION

June 30, 2022

	<i>Water Operations Fund</i>	<i>Water Supply Construction Fund</i>	<i>Water Supply Replacement Fund</i>	<i>Total Water Fund</i>
Assets:				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 973,880	\$ -	\$ -	\$ 973,880
Utility bills receivable	223,732	-	-	223,732
Accounts receivable	1,813	-	-	1,813
Accrued interest receivable	157	-	-	157
Due from other governments	14,001	-	123,195	137,196
Inventory	32,943	-	-	32,943
Total current assets	<u>1,246,526</u>	<u>-</u>	<u>123,195</u>	<u>1,369,721</u>
<i>Noncurrent assets:</i>				
Restricted cash and cash equivalents	214,119	347,569	-	561,688
Restricted investments	791,010	133,697	1,509,000	2,433,707
Capital assets not being depreciated	127,841	518,153	1,211,578	1,857,572
Capital assets being depreciated, net	1,620,357	-	7,952,221	9,572,578
Lease receivable	160,916	-	-	160,916
Total noncurrent assets	<u>2,914,243</u>	<u>999,419</u>	<u>10,672,799</u>	<u>14,586,461</u>
Total assets	<u>4,160,769</u>	<u>999,419</u>	<u>10,795,994</u>	<u>15,956,182</u>
Deferred outflows of resources:				
Related to pension	65,076	-	-	65,076
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable	90,626	347,569	21,624	459,819
Accrued interest payable	2,456	-	-	2,456
Deposits payable	9,504	-	-	9,504
Accrued wages payable	4,548	-	-	4,548
Compensated absences payable - current	19,057	-	-	19,057
Long-term debt - current	54,000	-	-	54,000
Total current liabilities	<u>180,191</u>	<u>347,569</u>	<u>21,624</u>	<u>549,384</u>
<i>Noncurrent liabilities:</i>				
Compensated absences payable	4,281	-	-	4,281
Long-term debt - net of current	793,000	-	-	793,000
Net pension liability	40,554	-	-	40,554
Total noncurrent liabilities	<u>837,835</u>	<u>-</u>	<u>-</u>	<u>837,835</u>
Total liabilities	<u>1,018,026</u>	<u>347,569</u>	<u>21,624</u>	<u>1,387,219</u>

continued

CITY OF ST. LOUIS

WATER FUND COMBINING STATEMENT OF NET POSITION, CONTINUED

June 30, 2022

	<i>Water Operations Fund</i>	<i>Water Supply Construction Fund</i>	<i>Water Supply Replacement Fund</i>	<i>Total Water Fund</i>
Deferred inflows of resources:				
Related to pension	145,003	-	-	145,003
Leases	156,511	-	-	156,511
Total deferred inflows of resources	301,514	-	-	301,514
Net position:				
Net investment in capital assets	1,029,048	518,153	9,163,799	10,711,000
Restricted for:				
Debt service	47,500	-	-	47,500
Replacement/improvements	957,629	-	-	957,629
Water supply replacement	-	133,697	1,610,571	1,744,268
Unrestricted	872,128	-	-	872,128
Total net position	\$ 2,906,305	\$ 651,850	\$ 10,774,370	\$ 14,332,525

CITY OF ST. LOUIS

WATER FUND

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2022

	<i>Water Operations Fund</i>	<i>Water Supply Construction Fund</i>	<i>Water Supply Replacement Fund</i>	<i>Total Water Fund</i>
Operating revenues:				
Charges for services				
Sales	\$ 1,930,059	-	-	\$ 1,930,059
Other	24,091	-	-	24,091
Penalties	32,661	-	-	32,661
State DWAM grant	56,844	-	-	56,844
Total operating revenues	<u>2,043,655</u>	<u>-</u>	<u>-</u>	<u>2,043,655</u>
Operating expenses:				
Personnel	214,722	-	-	214,722
Contracted services	120,609	-	-	120,609
Purchase of water	737,660	-	-	737,660
Administrative expense	123,961	-	-	123,961
Other services and supplies	116,223	-	-	116,223
Depreciation	383,451	-	-	383,451
Total operating expenses	<u>1,696,626</u>	<u>-</u>	<u>-</u>	<u>1,696,626</u>
Operating income (loss)	<u>347,029</u>	<u>-</u>	<u>-</u>	<u>347,029</u>
Non-operating revenues (expenses):				
Interest income	3,691	1,601	4,041	9,333
Rental income	14,944	-	-	14,944
Lease revenue	45,900	-	-	45,900
Other income	-	-	-	-
Interest expense	(15,419)	-	-	(15,419)
Net non-operating revenues (expenses)	<u>49,116</u>	<u>1,601</u>	<u>4,041</u>	<u>54,758</u>
Change in net position before capital contributions and transfers	<u>396,145</u>	<u>1,601</u>	<u>4,041</u>	<u>401,787</u>
Capital contributions and transfers:				
Capital contributions - Federal grants	-	347,569	192,811	540,380
Interfund transfers in (out)	183,519	(229,713)	-	(46,194)
Total capital contributions and transfers	<u>183,519</u>	<u>117,856</u>	<u>192,811</u>	<u>494,186</u>
Change in net position	579,664	119,457	196,852	895,973
Net position, beginning of year	<u>2,326,641</u>	<u>532,393</u>	<u>10,577,518</u>	<u>13,436,552</u>
Net position, end of year	<u>\$ 2,906,305</u>	<u>\$ 651,850</u>	<u>\$ 10,774,370</u>	<u>\$ 14,332,525</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET

June 30, 2022

Assets:

Cash and cash equivalents	\$ 97,984
Property held for resale	85,000
Lease receivable	<u>21,362</u>
Total assets	<u>\$ 204,346</u>

Liabilities:

Accounts payable	\$ 55
Unearned revenue	<u>555</u>
Total liabilities	<u>610</u>

Deferred inflows of resources:

Leases	<u>20,875</u>
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Fund balance:

Nonspendable:	
Property held for resale	85,000
Assigned:	
Building operation and maintenance	14,793
Unassigned	<u>83,068</u>
Total fund balance	<u>182,861</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 204,346</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION

Year Ended June 30, 2022

Revenues:	
Property taxes	\$ 36,893
Investment income and rentals	<u>6,626</u>
Total revenues	<u>43,519</u>
Expenditures:	
Current	
Community and economic development	<u>3,905</u>
Change in fund balance	39,614
Fund balance, beginning of year	<u>143,247</u>
Fund balance, end of year	<u><u>\$ 182,861</u></u>

CITY OF ST. LOUIS

GOVERNMENTAL-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

2014 CAPITAL IMPROVEMENT BOND (LIMITED TAX GENERAL OBLIGATION) (TAXABLE)

Issue in the amount of	\$ 1,600,000
Less: Principal paid in prior years	(124,000)
Principal paid in current year	<u>(23,000)</u>
Balance payable at June 30, 2022	<u>\$ 1,453,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>September 1</u>	<i>Interest due</i> <u>September 1</u>	<i>Interest due</i> <u>March 1</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2023	3.50%	\$ 24,000	\$ 25,428	\$ 25,008	\$ 74,436
2024	3.50%	25,000	25,008	24,570	74,578
2025	3.50%	26,000	24,570	24,115	74,685
2026	3.50%	27,000	24,115	23,643	74,758
2027	3.50%	28,000	23,643	23,153	74,796
2028	3.50%	29,000	23,153	22,645	74,798
2029	3.50%	30,000	22,645	22,120	74,765
2030	3.50%	31,000	22,120	21,578	74,698
2031	3.50%	32,000	21,578	21,018	74,596
2032	3.50%	33,000	21,018	20,440	74,458
2033	3.50%	34,000	20,440	19,845	74,285
2034	3.50%	35,000	19,845	19,233	74,078
2035	3.50%	36,000	19,233	18,603	73,836
2036	3.50%	38,000	18,603	17,938	74,541
2037	3.50%	39,000	17,938	17,255	74,193
2038	3.50%	40,000	17,255	16,555	73,810
2039	3.50%	42,000	16,555	15,820	74,375
2040	3.50%	43,000	15,820	15,068	73,888
2041	3.50%	45,000	15,068	14,280	74,348
2042	3.50%	46,000	14,280	13,475	73,755
2043	3.50%	48,000	13,475	12,635	74,110
2044	3.50%	49,000	12,635	11,778	73,413
2045	3.50%	51,000	11,778	10,885	73,663
2046	3.50%	53,000	10,885	9,958	73,843
2047	3.50%	55,000	9,958	8,995	73,953
2048	3.50%	57,000	8,995	7,998	73,993
2049	3.50%	59,000	7,998	6,965	73,963
2050	3.50%	61,000	6,965	5,898	73,863
2051	3.50%	63,000	5,898	4,795	73,693
2052	3.50%	65,000	4,795	3,658	73,453
2053	3.50%	67,000	3,658	2,485	73,143
2054	3.50%	70,000	2,485	1,260	73,745
2055	3.50%	72,000	1,260	-	73,260
		<u>\$ 1,453,000</u>	<u>\$ 509,100</u>	<u>\$ 483,672</u>	<u>\$ 2,445,772</u>

CITY OF ST. LOUIS

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

POLICE COPIER LEASE

Issue in the amount of	\$	5,468
Less: Principal paid in prior years		-
Principal paid in current year		<u>(93)</u>
Balance payable at June 30, 2022	\$	<u>5,375</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2023	2.50%	\$ 987	\$ 123	\$ 1,110
2024	2.50%	1,012	98	1,110
2025	2.50%	1,037	73	1,110
2026	2.50%	1,064	46	1,110
2027	2.50%	1,091	19	1,110
2028	2.50%	<u>184</u>	<u>1</u>	<u>185</u>
		<u>\$ 5,375</u>	<u>\$ 360</u>	<u>\$ 5,735</u>

CITY HALL COPIER/2 PRINTERS

Issue in the amount of	\$	18,995
Less: Principal paid in prior years		-
Principal paid in current year		<u>(604)</u>
Balance payable at June 30, 2022	\$	<u>18,391</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2023	2.50%	\$ 3,436	\$ 421	\$ 3,857
2024	2.50%	3,523	334	3,857
2025	2.50%	3,612	245	3,857
2026	2.50%	3,702	155	3,857
2027	2.50%	3,797	60	3,857
2028	2.50%	<u>321</u>	<u>1</u>	<u>322</u>
		<u>\$ 18,391</u>	<u>\$ 1,216</u>	<u>\$ 19,607</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

2015 ELECTRIC REVENUE BONDS

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	(260,000)
Principal paid in current year	<u>(60,000)</u>
Balance payable at June 30, 2022	<u>\$ 630,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>November 1</u>	<i>Interest due</i> <u>November 1</u>	<i>Interest due</i> <u>May 1</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2023	2.25%	\$ 60,000	\$ 9,780	\$ 9,105	\$ 78,885
2024	2.50%	65,000	9,105	8,293	82,398
2025	2.75%	65,000	8,293	7,399	80,692
2026	3.00%	65,000	7,399	6,424	78,823
2027	3.25%	70,000	6,424	5,286	81,710
2028	3.35%	70,000	5,286	4,114	79,400
2029	3.45%	75,000	4,114	2,820	81,934
2030	3.50%	80,000	2,820	1,420	84,240
2031	3.55%	<u>80,000</u>	<u>1,420</u>	<u>-</u>	<u>81,420</u>
		<u>\$ 630,000</u>	<u>\$ 54,641</u>	<u>\$ 44,861</u>	<u>\$ 729,502</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2013

Issue in the amount of	\$ 5,445,000
Less: Principal paid in prior years	(1,670,000)
Principal paid in current year	<u>(255,000)</u>
Balance payable at June 30, 2022	<u>\$ 3,520,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due October 1</i>	<i>Principal due April 1</i>	<i>Interest due April 1</i>	<i>Total Annual Requirement</i>
2023	2.00%	\$ 35,200	\$ 260,000	\$ 35,200	\$ 330,400
2024	2.00%	32,600	270,000	32,600	335,200
2025	2.00%	29,900	275,000	29,900	334,800
2026	2.00%	27,150	280,000	27,150	334,300
2027	2.00%	24,350	285,000	24,350	333,700
2028	2.00%	21,500	290,000	21,500	333,000
2029	2.00%	18,600	295,000	18,600	332,200
2030	2.00%	15,650	300,000	15,650	331,300
2031	2.00%	12,650	305,000	12,650	330,300
2032	2.00%	9,600	315,000	9,600	334,200
2033	2.00%	6,450	320,000	6,450	332,900
2034	2.00%	<u>3,250</u>	<u>325,000</u>	<u>3,250</u>	<u>331,500</u>
		<u>\$ 236,900</u>	<u>\$ 3,520,000</u>	<u>\$ 236,900</u>	<u>\$ 3,993,800</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2020

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	(50,000)
Principal paid in current year	<u>(53,000)</u>
Balance payable at June 30, 2022	<u>\$ 847,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Interest due</i> <i>September 1</i>	<i>Principal due</i> <i>March 1</i>	<i>Interest due</i> <i>March 1</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2023	1.59%	\$ 7,367	\$ 54,000	\$ 7,367	\$ 68,734
2024	1.59%	6,938	56,000	6,938	69,876
2025	1.63%	6,493	57,000	6,493	69,986
2026	1.63%	6,028	59,000	6,028	71,056
2027	1.67%	5,547	61,000	5,547	72,094
2028	1.67%	5,038	63,000	5,038	73,076
2029	1.71%	4,512	65,000	4,512	74,024
2030	1.79%	3,956	67,000	3,956	74,912
2031	1.79%	3,356	69,000	3,356	75,712
2032	1.83%	2,739	71,000	2,739	76,478
2033	1.83%	2,089	73,000	2,089	77,178
2034	1.87%	1,421	75,000	1,421	77,842
2035	1.87%	<u>720</u>	<u>77,000</u>	<u>720</u>	<u>78,440</u>
		<u>\$ 56,204</u>	<u>\$ 847,000</u>	<u>\$ 56,204</u>	<u>\$ 959,408</u>



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

To the Honorable Mayor and Members of City Council
City of St. Louis, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of St. Louis, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of St. Louis' basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To the Honorable Mayor and Members of City Council
City of St. Louis, Michigan

Purpose of this Report

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

Berthiaume & Co.

Saginaw, Michigan
December 19, 2022