

## CITY COUNCIL PROCEEDINGS

St. Louis, Michigan  
November 19, 2024

The regular meeting of the Saint Louis City Council was called to order by Mayor Ralph R. Echtenaw on Tuesday November 19, 2024, at 6:00 p.m. in the City Hall Council Chambers.

Council Members Present: Mayor Ralph R. Echtenaw, Fares E. Azzam, Mayor Pro Tem William R. Leonard, Kevin D. Palmer, Elizabeth A. Upton.

Council Members Absent: None

City Manager: Kurt Giles  
Clerk: Jamie Long  
Police Chief: Richard Ramereiz

Others in Attendance: Chuck Sandro-Healthy Pine River.

Mayor Echtenaw led the Pledge of Allegiance.

### **Approval of Agenda.**

Moved by Upton, supported by Leonard to approve the agenda for November 19, 2024 with and addition to item number 5-presentation by Chuck Sandro from the Healthy Pine River. All ayes carried the motion.

### **Addition to Agenda-Presentation by Chuck Sandro-Healthy Pine River.**

Chuck Sandro gave a brief presentation regarding the Healthy Pine River. Sandro discussed the group's priorities and projects. Sandro highlighted issues in the Sugar Creek area, with goals to investigate more thoroughly as to the causes of these issues in that area in the future.

### **City Council Minutes.**

Moved by Upton supported by Palmer, to approve the minutes of the Regular Meeting held on November 5, 2024 and the Executive Session of November 5, 2024. All ayes carried the motion.

### **Claims & Accounts.**

City Council discussed the Claims & Accounts.

Moved by Azzam, supported by Upton, to approve the Claims & Accounts in the amount of \$711,470.01. All ayes carried the motion.

## **Monthly Reports.**

City Council discussed the October 2024 Monthly Reports.

Moved by Upton, supported by Leonard, to receive the October 2024 Monthly Reports and place them on file. All ayes carried the motion.

## **Audience Recognition.**

There were no comments.

## **Consent Agenda.**

Mayor Echinaw requested approval/receipt of Consent Agenda items “a” through “g” as shown below:

- a. Payment to Delta College for Police Academy-Ryan Diamond and Timothy Kirby.
- b. Payment to Fahrner for Spring Paving Project-GSB-88.
- c. Payment to Malley Construction, Inc. for the DWSRF Project.
- d. Payment to OHM for Consultant Construction Engineering Phase Services for the DWSRF Project.
- e. Payment to Rehmann for the purchase of 12 HP Desktops.
- f. Receive and place on file Audit Report for Mid-Michigan Community Fire Control Board 6/30/2024.
- g. Receive and place on file Audit Report for St. Louis Ithaca Pine River Transportation Authority 6/30/2024.

Moved by Palmer, supported by Azzam, to approve Consent Agenda items “a” through “g.” All ayes carried the motion.

## **Power Purchase Commitment Authorization.**

Manager Giles requested members to authorize the Power Purchase Commitment through MPPA.

Discussion was held.

Moved by Azzam, supported by Leonard, to Authorize the Power Purchase Commitment through MPPA. All ayes carried the motion.

## **Resolution 2024-23 Adopting an Accounting Policy Establishing Materiality Considerations in Recording Subscription-Based Information Technology Arrangements (SBITAs) and Leases.**

Minutes of the regular meeting of the City Council of the City of St. Louis, County of Gratiot, Michigan held on the 19<sup>th</sup> day of November 2024, at 6:00 PM.

Present: Azzam, Leonard, Palmer, Upton, Echinaw

Absent: None

The following preamble and resolution were offered by Member Upton, and supported by Member Palmer:

**WHEREAS**, in the interest of prudent fiscal management, the City desires to establish a policy regarding the recording of Leases and Subscription-Based Information Technology Arrangements (SBITAs), and

**WHEREAS**, the City wishes to give guidance to staff in order to maintain adequate records of Leases and Subscription-Based Information Technology Arrangements (SBITAs),

**WHEREAS**, the City wishes to define the recording thresholds and valuation of Leases and Subscription-Based Information Technology Arrangements (SBITAs);

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY ADOPTS THE FOLOWING LEASE AND SUBSCRITION BASED INFORMATION TECHNOLOGY POLICY WHEN CONSIDERING THE RECORDING OF SUCH TRANSACTIONS:**

**Scope:** The policy for recording all City Leases and SBITAs will be in accordance with those methods established by the Governmental Accounting Standards Board (Statements No. 87 & 96). The purpose of this policy is to establish guidelines for recognizing and reporting Leases and SBITAs in accordance with those guidelines, ensuring that only material Leases and SBITAs are recorded to maintain clarity and relevance in financial reporting.

**Definition of Materiality:** For the purposes of this policy, Leases and SBITAs should be evaluated when annual payments exceed \$10,000, and will be considered material if the total present value of payments over the term of the arrangement exceeds \$40,000.

**Identification and Assessment:** The finance office will identify and evaluate city Leases and SBITAs annually and determine which arrangements meet the materiality threshold.

**Recognition and Measurement:**

- Material SBITAs must be recognized as subscription liabilities and Intangible right-to-use assets in the financial statements.
  - Immaterial SBITAs should be expensed as incurred.
- Material leases must be recognized as lease liabilities and right-to-use lease assets in the financial statements.
  - Immaterial leases should be expensed as incurred.
- Material leases when the city is the lessor will recognized as lease receivable and deferred inflows of resources.
  - Immaterial leases when the city is the lessor should be recognized as revenue in the period received.

**Review and Monitoring:**

- The finance office will review the policy annually to ensure it reflects thresholds of materiality and aligns with GASB requirements.
- Adjustments to the materiality thresholds may be made based on the changes in the entity's financial context or external reporting requirements that may be imposed.

- The finance office will suggest overall guideline changes if needed.

**Effective Date:** This policy is retroactively effective as of July 1, 2023.

Leases recorded prior to the effective date of this policy that recorded lease liabilities and right-to-use assets, or lease receivable and deferred inflow of resources, may continue to be amortized on the basis of past practice.

Upon roll call vote, the following voted:

AYE: Upton, Palmer, Azzam, Leonard, Echtenaw

NAY: None

ABSENT: None

Resolution declared adopted this 19<sup>th</sup> day of November 2024.

### **Resolution 2024-24 Adopting an Accounting Policy for Revenue Recognition for Grant Reimbursements.**

Minutes of the regular meeting of the City Council of the City of St. Louis, County of Gratiot, Michigan held on the 19<sup>th</sup> day of November 2024, at 6:00 PM.

Present: Azzam, Leonard, Palmer, Upton, Echtenaw

Absent: None

The following preamble and resolution were offered by Member Azzam, and supported by Member Upton:

**WHEREAS**, the City receives significant funding from federal, state, and local grants to support a variety of municipal projects and services; and

**WHEREAS**, many of these grants operate on a reimbursement basis, wherein the city incurs eligible expenditures and then submits reimbursement requests to the granting agencies; and

**WHEREAS**, under the current accounting practices, those funds reporting on a modified accrual basis will recognize revenue from grant reimbursements if expected to be received within 60 days of the fiscal year end, often resulting in a deferred revenue recognition when the funds are received beyond that timeframe; and

**WHEREAS**, The Governmental Accounting Standards Board (GASB) allows local governments the flexibility to extend the availability period for revenue recognition beyond 60 days to better align with the actual timing of grant reimbursements; and

**WHEREAS**, the City's finance Director recommends extending the revenue recognition period for grant reimbursements to those expected to be received within 180 days after the fiscal year-end to provide a more accurate reflection of the City's financial position and performance; and

**WHEREAS**, this change will improve the accuracy of the City's financial reporting by providing that revenues from grant funded projects are recognized in the same fiscal year as the related expenditures.

**WHEREAS**, in the interest of prudent fiscal management, the City desires to establish a policy regarding the recognition of revenue for grant reimbursements;

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY ADOPTS THE FOLOWING POLICY REGARDING THE REVENUE RECOGNITION OF REIMBURSEMENT BASED GRANTS:**

- Revenue recognition policy for governmental funds financial reporting should extend the period for recognizing revenue from grant reimbursements to those expected to be received within 180 days after fiscal year-end.
- The finance office is directed to implement this policy change for the fiscal year ending 2024 and apply it consistently in future fiscal years.

Upon roll call vote, the following voted:

AYE: Azzam, Upton, Leonard, Palmer, Echtenaw

NAY: None

ABSENT: None

Resolution declared adopted this 19<sup>th</sup> day of November 2024.

**Appointment of Elsie Burton to the Gratiot Area Chamber of Commerce Board of Directors.**

Manager Giles requested members to appoint Elsie Burton to the Gratiot Area Chamber of Commerce Board of Directors.

Discussion was held.

Moved by Azzam, supported by Leonard to appoint Elsie Burton to the Gratiot Area Chamber of Commerce Board of Directors. All ayes carried the motion.

**Set Public Hearing to Receive Comments on the 137 Mill Street Demolition.**

Manager Giles requested members to set the Public Hearing to Receive Comments on the 137 Mill Street Demolition for December 3, 2024 at 6:00 p.m.

Discussion was held.

Moved by Upton, supported by Palmer, to Public Hearing to Receive Comments on the 137 Mill Street Demolition for December 3, 2024 at 6:00 p.m.

Ayes: Upton, Palmer, Leonard, Echtenaw

Nayes: Azzam

Motion Carried.

**City Manager Report.**

Nothing to Report

**City Clerk Report.**

Nothing to report.

**Police Chief Report.**

Chief Rameriz reported that two full-time officers have been hired. Officer Jon Sazfranski and Officer Scott Clarke, both seasoned officers from Isabella County will be finishing out the year with Isabella County and then will begin their employment at the St. Louis Police Department.

**Council Comments.**

Member Azzam inquired about placing noise ordinance signs throughout the city. Chief Ramereiz stated that MDOT has certain guidelines that would have to be checked into for signs that will be placed.

Mayor Echtenaw stated that he spoke with representatives from the City of Alma and would like to get a meeting set up to continue the talks about the possible police merger with St. Louis and Alma. Chief Ramereiz will touch base with Chief Overla and see if they are ready to start those discussions again.

**Public Comments.**

There were none.

**Adjournment.**

Moved by Leonard, supported by Upton, to adjourn at 7:06 p.m. All ayes carried the motion.

Jamie Long, Clerk