

CITY OF ST. LOUIS

Gratiot County, Michigan

FINANCIAL STATEMENTS

June 30, 2023

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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 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, 2023, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Louis as of June 30, 2023, 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.

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 55-57) and budgetary comparison information (pages 58-60) 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, 2023 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, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

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, 2023. 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 \$56,700,252 for the fiscal year ended June 30, 2023, compared to \$49,499,179 for the fiscal year ended June 30, 2022.
- In the City's governmental activities, revenues generated were \$4,347,293 while expenses totaled \$3,724,176.
- In the City's business-type activities, revenues generated were \$15,357,946 while expenses totaled \$8,795,282.
- Total net position increased by \$7,201,073.

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, 2023

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 and Public Safety Fund, which are considered to be "major" funds. Data from the other five (5) 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 funds are the Motor Pool Fund and Police Equipment 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, 2023 is \$56,700,252, consisting of \$16,307,684 in governmental activities and \$40,392,568 in business-type activities.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$7,229,305. Governmental activities unrestricted total is \$3,721,331, while business-type activities is \$3,507,974.

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, 2023 and June 30, 2022.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$ 7,192,875	\$ 6,583,408	\$ 14,328,313	\$ 12,823,851	\$ 21,521,188	\$ 19,407,259
Capital assets, net	11,020,806	11,192,299	33,110,020	27,709,833	44,130,826	38,902,132
Total assets	18,213,681	17,775,707	47,438,333	40,533,684	65,652,014	58,309,391
Deferred outflows	163,423	41,453	637,829	189,355	801,252	230,808
Liabilities:						
Current liabilities	331,210	658,818	1,803,770	827,289	2,134,980	1,486,107
Long-term liabilities	1,738,210	1,582,472	5,736,122	5,232,332	7,474,332	6,814,804
Total liabilities	2,069,420	2,241,290	7,539,892	6,059,621	9,609,312	8,300,911
Deferred inflows	-	124,999	143,702	615,110	143,702	740,109
Net position:						
Net investment in capital assets	9,555,540	9,715,533	28,487,020	22,840,683	38,042,560	32,556,216
Restricted	3,030,813	2,604,677	8,397,574	7,603,267	11,428,387	10,207,944
Unrestricted	3,721,331	3,130,661	3,507,974	3,604,358	7,229,305	6,735,019
Total net position	<u>\$ 16,307,684</u>	<u>\$ 15,450,871</u>	<u>\$ 40,392,568</u>	<u>\$ 34,048,308</u>	<u>\$ 56,700,252</u>	<u>\$ 49,499,179</u>

Overall Analysis of Financial Position and Change in Net Position:

The City's combined total net position increased by \$7,201,073 during the current fiscal year. Governmental activities increased by \$856,813 while business-type activities increased by \$6,344,260. 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 \$4,347,293, a decrease of \$168,962 from the prior fiscal year. During the current year, capital grants decreased approximately \$330,000. Total expenses increased by \$125,209 from the prior fiscal year.

Business-type Activities:

The City's total business-type revenue is reported at \$15,357,946, an increase of \$4,614,022 from the prior fiscal year. Capital grants increased approximately \$5 million which was used for various water system improvements. Total expenses decreased by \$3,650 from the prior fiscal year.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The following table shows the comparison of the change in net position in a condensed format for the fiscal years ended June 30, 2023 and June 30, 2022.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues						
Charges for services	\$ 1,521,266	\$ 1,334,001	\$ 9,461,797	\$ 10,112,423	\$ 10,983,063	\$ 11,446,424
Operating grants	1,074,415	1,055,511	4,217	56,844	1,078,632	1,112,355
Capital grants	-	331,340	5,543,504	540,380	5,543,504	871,720
General revenues						
Taxes	813,364	890,820	-	-	813,364	890,820
Franchise fees	25,949	26,765	-	-	25,949	26,765
Unrestricted grants	752,321	761,435	-	-	752,321	761,435
Investment earnings	152,268	8,360	329,030	22,562	481,298	30,922
Other	7,710	108,023	19,398	11,715	27,108	119,738
Total revenues	<u>4,347,293</u>	<u>4,516,255</u>	<u>15,357,946</u>	<u>10,743,924</u>	<u>19,705,239</u>	<u>15,260,179</u>
Expenses:						
General government	532,223	551,568	-	-	532,223	551,568
Public safety	1,158,284	1,096,256	-	-	1,158,284	1,096,256
Public works	1,387,466	1,398,202	-	-	1,387,466	1,398,202
Community and economic development	144,533	110,756	-	-	144,533	110,756
Recreation and culture	450,620	415,817	-	-	450,620	415,817
Interest on debt	51,050	26,368	-	-	51,050	26,368
Electric	-	-	4,835,407	5,268,052	4,835,407	5,268,052
Sewer	-	-	1,719,137	1,419,580	1,719,137	1,419,580
Water	-	-	1,858,597	1,705,361	1,858,597	1,705,361
Solid Waste	-	-	382,141	405,939	382,141	405,939
Total expenses	<u>3,724,176</u>	<u>3,598,967</u>	<u>8,795,282</u>	<u>8,798,932</u>	<u>12,519,458</u>	<u>12,397,899</u>
Excess of revenues over expenses before other items	<u>623,117</u>	<u>917,288</u>	<u>6,562,664</u>	<u>1,944,992</u>	<u>7,185,781</u>	<u>2,862,280</u>
Other items:						
Principal contributions	2,288	3,175	-	-	2,288	3,175
Sale of capital assets	13,004	41,610	-	(36,334)	13,004	5,276
Interfund transfers	218,404	272,670	(218,404)	(272,670)	-	-
Total other items	<u>233,696</u>	<u>317,455</u>	<u>(218,404)</u>	<u>(309,004)</u>	<u>15,292</u>	<u>8,451</u>
Changes in net position	<u>856,813</u>	<u>1,234,743</u>	<u>6,344,260</u>	<u>1,635,988</u>	<u>7,201,073</u>	<u>2,870,731</u>
Net position, beginning	<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>
Net position, ending	<u>\$ 16,307,684</u>	<u>\$ 15,450,871</u>	<u>\$ 40,392,568</u>	<u>\$ 34,048,308</u>	<u>\$ 56,700,252</u>	<u>\$ 49,499,179</u>

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

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 two 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, 2023, General Fund financing sources exceeded its financing uses by \$170,749, increasing its ending fund balance to \$1,860,288. The City's second major governmental fund, the Public Safety Fund decreased its ending fund balance by \$67,574.

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

The General Fund unassigned fund balance of \$1,295,404 as of June 30, 2023 is considered, by management, to be healthy in comparison to the annual General Fund budgeted expenditures and interfund transfers out of approximately \$2.9 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 \$385,808. During the year, the City made budget amendments which changed the projection to a net decrease in fund balance of \$150,453. The actual results for the year yielded an increase in fund balance of \$170,749.

Capital Assets and Debt Administration:

At June 30, 2023, the City of St. Louis had \$44,130,826 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, 2022, this total was \$38,902,132. 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, 2023, the City of St. Louis' total long-term indebtedness (not including compensated absences and net pension liability) was \$6,088,266, of which \$1,465,266 was backed by the full faith and credit of the City and the remaining \$4,623,000 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 98% complete.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Gratiot County (which includes the City of St. Louis and the surrounding incorporated and unincorporated area), has a labor force of 18,224 people. The unemployment rate in the County for July 2023 is 5.1% which is down from the July 2022 rate of 5.3%. Statewide unemployment for the same period remained flat at 4.3%.

The City was successful in obtaining a part grant/part loan through the Drinking Water State Revolving Fund (DWSRF) in 2023. We will receive \$20 million in ARP Grant with the remainder coming in loan funding through the state in the amount of \$3.5 million. The plan calls for the replacement of significant water mains throughout the City.

Over recent years, City Council and staff have been working hard on long-term funding plans for the City's water and sewer departments. The City is facing the challenges of an aging infrastructure, state unfunded mandates, and substantial equipment, utility, material and maintenance cost increases since the covid-19 pandemic. As a result of these challenges, it will be necessary to continue with rate increases using the rate studies to develop rates and charges that best meet the City's goals and objectives and are fair and equitable to the users of the systems. The goal being to sustain the systems on a long-term basis, provide financial stability, regulate water quality, and continue to meet State of Michigan water and sewer regulations, all while charging the fairest rates for all users.

The City continues to monitor overall spending closely and seek out revenue sources and programs 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, 2023

	<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	\$ 4,954,534	\$ 1,583,932	\$ 6,538,466	\$ 134,273
Investments	2,182,479	-	2,182,479	-
Receivables	280,144	3,634,482	3,914,626	15,168
Internal balances	(435,623)	435,623	-	-
Inventory	11,879	293,965	305,844	-
Prepaid expenses	164,355	-	164,355	-
Restricted cash and cash equivalents	-	1,179,487	1,179,487	-
Restricted investments	-	7,200,824	7,200,824	-
Asset held for resale	35,107	-	35,107	85,000
Capital assets not being depreciated	2,503,883	8,825,513	11,329,396	-
Capital assets being depreciated, net	8,516,923	24,284,507	32,801,430	-
Total assets	18,213,681	47,438,333	65,652,014	234,441
Deferred outflows of resources:				
Related to pension	163,423	637,829	801,252	-
Liabilities:				
Accounts payable and accrued expenses	331,210	1,803,770	2,134,980	2,536
Unearned revenue	-	-	-	555
Long-term liabilities:				
Due within one year				
Long-term debt	35,015	391,000	426,015	-
Compensated absences	89,742	108,398	198,140	-
Due in more than one year				
Long-term debt	1,430,251	4,232,000	5,662,251	-
Compensated absences	17,321	32,832	50,153	-
Net pension liability	165,881	971,892	1,137,773	-
Total liabilities	2,069,420	7,539,892	9,609,312	3,091
Deferred inflows of resources:				
Leases	-	143,702	143,702	14,452

continued

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

CITY OF ST. LOUIS

STATEMENT OF NET POSITION, CONTINUED

June 30, 2023

	<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	9,555,540	28,487,020	38,042,560	-
Restricted for:				
Debt service	-	618,454	618,454	-
Library operations	959,404	-	959,404	-
Nonexpendable cemetery principal	189,995	-	189,995	-
Replacement/improvements	-	6,136,821	6,136,821	-
Streets	1,881,414	-	1,881,414	-
Water supply replacement	-	1,642,299	1,642,299	-
Unrestricted	3,721,331	3,507,974	7,229,305	216,898
Total net position	<u>\$ 16,307,684</u>	<u>\$ 40,392,568</u>	<u>\$ 56,700,252</u>	<u>\$ 216,898</u>

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

CITY OF ST. LOUIS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

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	\$ 532,223	\$ 683,812	\$ 4,892	\$ -	\$ 156,481
Public safety	1,158,284	169,103	19,161	-	(970,020)
Public works	1,387,466	600,655	803,289	-	16,478
Community and economic development	144,533	-	3,500	-	(141,033)
Recreation and culture	450,620	67,696	243,573	-	(139,351)
Interest on long-term debt	51,050	-	-	-	(51,050)
Total governmental activities	<u>3,724,176</u>	<u>1,521,266</u>	<u>1,074,415</u>	<u>-</u>	<u>(1,128,495)</u>
<i>Business-type activities:</i>					
Electric	4,835,407	5,013,087	-	-	177,680
Sewer	1,719,137	1,944,172	-	-	225,035
Water	1,858,597	2,058,813	4,217	5,543,504	5,747,937
Solid Waste	382,141	445,725	-	-	63,584
Total business-type activities	<u>8,795,282</u>	<u>9,461,797</u>	<u>4,217</u>	<u>5,543,504</u>	<u>6,214,236</u>
Total primary government	<u>\$ 12,519,458</u>	<u>\$ 10,983,063</u>	<u>\$ 1,078,632</u>	<u>\$ 5,543,504</u>	<u>\$ 5,085,741</u>
COMPONENT UNIT:					
Downtown Development Authority	<u>\$ 16,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,720)</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, 2023

	<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	\$ (1,128,495)	\$ 6,214,236	\$ 5,085,741	\$ (16,720)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	807,197	-	807,197	-
County-wide special assessment, public safety	-	-	-	-
Property taxes, captured by component unit	-	-	-	41,855
Payment in lieu of taxes	6,167	-	6,167	-
Franchise fees	25,949	-	25,949	-
Grants and contributions not restricted to specific programs	752,321	-	752,321	-
Unrestricted investment earnings	152,268	329,030	481,298	8,902
Other	7,710	19,398	27,108	-
Contributions to principal of permanent funds	2,288	-	2,288	-
Special items:				
Sale of capital assets	13,004	-	13,004	-
Transfers	218,404	(218,404)	-	-
Total general revenues, contributions, special items and transfers	<u>1,985,308</u>	<u>130,024</u>	<u>2,115,332</u>	<u>50,757</u>
Change in net position	856,813	6,344,260	7,201,073	34,037
Net position, beginning of year	<u>15,450,871</u>	<u>34,048,308</u>	<u>49,499,179</u>	<u>182,861</u>
Net position, end of year	<u>\$ 16,307,684</u>	<u>\$ 40,392,568</u>	<u>\$ 56,700,252</u>	<u>\$ 216,898</u>

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2023

	<u>General Fund</u>	<u>Public Safety Fund</u>
Assets:		
Cash and cash equivalents	\$ 313,018	\$ 24,642
Investments	1,283,339	-
Taxes receivable	6,483	-
Accounts receivable	21,152	-
Accrued interest receivable	-	-
Due from other governments	113,940	-
Prepaid expenditures	163,214	110
Property held for resale	35,107	-
	<u>1,936,253</u>	<u>24,752</u>
Total assets	<u>\$ 1,936,253</u>	<u>\$ 24,752</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 53,728	\$ 3,600
Accrued expenses	4,630	-
Due to other governments	3,730	-
Deposits payable	500	-
Accrued wages payable	13,377	16,745
	<u>75,965</u>	<u>20,345</u>
Total liabilities	<u>75,965</u>	<u>20,345</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	163,214	110
Property held for resale	35,107	-
Nonexpendable cemetery principal	-	-
Restricted for:		
Library operations	-	-
Streets	-	-
Committed to:		
Capital improvements	-	-
Cemetery operations	-	-
Public safety	-	4,297
Assigned to:		
Cemetery improvements	41,563	-
Capital improvements	325,000	-
Future pension contribution	250,000	-
Unassigned	1,045,404	-
	<u>1,860,288</u>	<u>4,407</u>
Total fund balances	<u>1,860,288</u>	<u>4,407</u>
Total liabilities and fund balances	<u>\$ 1,936,253</u>	<u>\$ 24,752</u>

continued

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS BALANCE SHEET, CONTINUED

June 30, 2023

	<u>Nonmajor Funds</u>	<u>Total</u>
Assets:		
Cash and cash equivalents	\$ 3,606,940	\$ 3,944,600
Investments	899,140	2,182,479
Taxes receivable	-	6,483
Accounts receivable	522	21,674
Accrued interest receivable	26	26
Due from other governments	138,021	251,961
Prepaid expenditures	1,031	164,355
Property held for resale	-	35,107
	<u> </u>	<u> </u>
Total assets	<u>\$ 4,645,680</u>	<u>\$ 6,606,685</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 207,796	\$ 265,124
Accrued expenses	-	4,630
Due to other governments	-	3,730
Deposits payable	-	500
Accrued wages payable	4,906	35,028
	<u> </u>	<u> </u>
Total liabilities	<u>212,702</u>	<u>309,012</u>
Fund balances:		
Nonspendable:		
Prepaid expenditures	1,031	164,355
Property held for resale	-	35,107
Nonexpendable cemetery principal	189,995	189,995
Restricted for:		
Library operations	958,373	958,373
Streets	1,881,414	1,881,414
Committed to:		
Capital improvements	1,341,251	1,341,251
Cemetery operations	60,914	60,914
Public safety	-	4,297
Assigned to:		
Cemetery improvements	-	41,563
Capital improvements	-	325,000
Future pension contribution	-	250,000
Unassigned	-	1,045,404
	<u> </u>	<u> </u>
Total fund balances	<u>4,432,978</u>	<u>6,297,673</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 4,645,680</u>	<u>\$ 6,606,685</u>

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, 2023

Fund balances of governmental funds	\$ 6,297,673
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	2,503,883
Capital assets being depreciated, net	7,253,773
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 liability	(165,881)
Deferred outflows related to net pension liability	163,423
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(16,770)
Long-term obligations	(1,465,266)
Compensated absences payable	(105,061)
A portion of the net position (including capital assets of \$1,263,150) and liabilities of the internal service fund are included in the governmental activities in the statement of net position (net of \$435,623 allocation to business-type activities).	<u>1,841,910</u>
Net position of governmental activities	<u>\$ 16,307,684</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, 2023

	<i>General Fund</i>	<i>Public Safety Fund</i>
Revenues:		
Taxes	\$ 813,364	\$ 114,729
Licenses and permits	50,036	-
State grants	752,321	15,949
Contributions from other units	-	-
Charges for services	736,733	-
Fines and forfeits	500	470
Investment income and rentals	69,010	47
Other revenue	18,831	20,775
Total revenues	2,440,795	151,970
Expenditures:		
Current		
General government	459,846	-
Public safety	96,213	1,066,469
Public works	312,692	-
Community and economic development	146,067	-
Recreation and culture	156,932	-
Capital outlay	123,733	-
Debt service		
Principal	31,421	1,001
Interest and fees	51,069	114
Total expenditures	1,377,973	1,067,584
Excess (deficiency) of revenues over expenditures	1,062,822	(915,614)
Other financing sources (uses):		
Proceeds from lease financing	20,694	273
Interfund transfers in	-	912,767
Interfund transfers out	(912,767)	(65,000)
Net other financing sources (uses)	(892,073)	848,040
Changes in fund balances	170,749	(67,574)
Fund balances, beginning of year	1,689,539	71,981
Fund balances, end of year	\$ 1,860,288	\$ 4,407

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, 2023

	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues:		
Taxes	\$ -	\$ 928,093
Licenses and permits	-	50,036
State grants	813,650	1,581,920
Contributions from other units	208,809	208,809
Charges for services	10,109	746,842
Fines and forfeits	51,408	52,378
Investment income and rentals	74,316	143,373
Other revenue	66,747	106,353
Total revenues	<u>1,225,039</u>	<u>3,817,804</u>
Expenditures:		
Current		
General government	-	459,846
Public safety	-	1,162,682
Public works	282,120	594,812
Community and economic development	-	146,067
Recreation and culture	230,322	387,254
Capital outlay	269,314	393,047
Debt service		
Principal	-	32,422
Interest and fees	-	51,183
Total expenditures	<u>781,756</u>	<u>3,227,313</u>
Excess (deficiency) of revenues over expenditures	<u>443,283</u>	<u>590,491</u>
Other financing sources (uses):		
Proceeds from lease financing	-	20,967
Interfund transfers in	360,778	1,273,545
Interfund transfers out	(142,374)	(1,120,141)
Net other financing sources (uses)	<u>218,404</u>	<u>174,371</u>
Changes in fund balances	661,687	764,862
Fund balances, beginning of year	<u>3,771,291</u>	<u>5,532,811</u>
Fund balances, end of year	<u>\$ 4,432,978</u>	<u>\$ 6,297,673</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, 2023

Changes in fund balances of governmental funds	\$ 764,862
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 and right-to-use assets	414,014
Depreciation/Amortization expense	(487,725)
Proceeds from lease financing are revenues in the governmental funds but increase long-term liabilities in the statement of net position.	(20,923)
Payments of principal on long-term obligations are expenditures in the governmental funds but the payments reduce long-term liabilities in the statement of net position	32,423
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 compensated absences payable	(972)
Change in accrued interest on bonds	132
Change in net pension liability and related deferred outflows of resources and deferred inflows of resources	131
Certain changes in net position of the internal service fund are reported with governmental activities in the statement of activities (net of \$44,621 allocation to business-type activities).	<u>154,871</u>
Change in net position of governmental activities	<u><u>\$ 856,813</u></u>

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF NET POSITION

June 30, 2023

	<i>Enterprise Funds</i>					<i>Internal Service Funds</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	\$ 845,381	\$ 509,410	\$ 94,212	\$ 134,929	\$ 1,583,932	\$ 1,009,934
Utility bills receivable	573,888	223,042	238,557	43,913	1,079,400	-
Accounts receivable	10,377	3,322	2,777	-	16,476	-
Accrued interest receivable	-	318	164	-	482	-
Due from other governments	-	-	2,387,341	-	2,387,341	-
Due from other funds	388,090	-	-	-	388,090	-
Inventory	206,632	46,440	27,627	13,266	293,965	11,879
Total current assets	<u>2,024,368</u>	<u>782,532</u>	<u>2,750,678</u>	<u>192,108</u>	<u>5,749,686</u>	<u>1,021,813</u>
Noncurrent assets:						
Restricted cash and cash equivalents	793,233	104,336	281,918	-	1,179,487	-
Restricted investments	3,998,676	660,893	2,541,255	-	7,200,824	-
Capital assets:						
Not being depreciated	318,300	339,542	8,167,671	-	8,825,513	-
Being depreciated, net	5,083,117	9,979,536	9,221,854	-	24,284,507	1,263,150
Leases receivable	29,241	-	121,542	-	150,783	-
Total noncurrent assets	<u>10,222,567</u>	<u>11,084,307</u>	<u>20,334,240</u>	<u>-</u>	<u>41,641,114</u>	<u>1,263,150</u>
Total assets	<u>12,246,935</u>	<u>11,866,839</u>	<u>23,084,918</u>	<u>192,108</u>	<u>47,390,800</u>	<u>2,284,963</u>
Deferred outflows of resources:						
Related to pension	206,401	167,375	223,172	40,881	637,829	-
Liabilities:						
Current liabilities:						
Accounts payable	203,237	25,426	1,466,150	14,325	1,709,138	5,044
Due to other funds	-	-	388,090	-	388,090	-
Due to other governments	1,755	-	-	-	1,755	-
Accrued interest payable	3,035	16,300	2,313	-	21,648	-
Deposits payable	29,581	-	9,644	-	39,225	-
Accrued wages payable	13,824	8,960	8,261	959	32,004	384
Compensated absences payable - current	61,338	23,693	19,727	3,640	108,398	1,684
Bonds payable - current	65,000	270,000	56,000	-	391,000	-
Total current liabilities	<u>377,770</u>	<u>344,379</u>	<u>1,950,185</u>	<u>18,924</u>	<u>2,691,258</u>	<u>7,112</u>

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, 2023

	<i>Enterprise Funds</i>					<i>Internal Service Funds</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	21,539	5,545	5,087	661	32,832	318
Bonds payable	505,000	2,990,000	737,000	-	4,232,000	-
Net pension liability	286,644	260,582	343,492	81,174	971,892	-
Total noncurrent liabilities	813,183	3,256,127	1,085,579	81,835	5,236,724	318
Total liabilities	1,190,953	3,600,506	3,035,764	100,759	7,927,982	7,430
Deferred inflows of resources:						
Leases	28,562	-	115,140	-	143,702	-
Net position:						
Net investment in capital assets	4,831,417	7,059,078	16,596,525	-	28,487,020	1,263,150
Restricted for:						
Debt service	155,851	415,103	47,500	-	618,454	-
Replacement/improvements	4,636,058	350,126	1,150,637	-	6,136,821	-
Water supply replacement	-	-	1,642,299	-	1,642,299	-
Unrestricted	1,610,495	609,401	720,225	132,230	3,072,351	1,014,383
Total net position	<u>\$ 11,233,821</u>	<u>\$ 8,433,708</u>	<u>\$ 20,157,186</u>	<u>\$ 132,230</u>	<u>\$ 39,956,945</u>	<u>\$ 2,277,533</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					435,623	
Net position of business-type activities					<u>\$ 40,392,568</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, 2023

	<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	\$ 4,919,027	\$ 1,879,731	\$ 1,950,014	\$ 436,883	\$ 9,185,655	\$ -
Other	4,475	47,428	30,610	130	82,643	2,635
Penalties	85,870	17,013	16,358	8,712	127,953	-
Equipment rental	-	-	-	-	-	513,895
Total operating revenues	5,009,372	1,944,172	1,996,982	445,725	9,396,251	516,530
Operating expenses:						
Personnel	868,588	520,987	371,633	107,333	1,868,541	35,736
Contracted services	125,933	113,423	31,160	171,967	442,483	29
Purchased water	-	-	756,619	-	756,619	-
Administrative expense	337,213	120,670	171,770	22,647	652,300	-
Purchased energy	2,861,178	-	-	-	2,861,178	-
Other services and charges	353,356	478,911	161,745	99,317	1,093,329	140,552
Depreciation	276,853	425,608	360,641	-	1,063,102	233,972
Total operating expenses	4,823,121	1,659,599	1,853,568	401,264	8,737,552	410,289
Operating income (loss)	186,251	284,573	143,414	44,461	658,699	106,241
Non-operating revenues (expenses):						
State grants	-	-	4,217	-	4,217	-
Interest income	162,246	41,257	123,708	1,819	329,030	12,101
Rental income	26	-	16,883	-	16,909	-
Lease income	3,689	-	44,948	-	48,637	-
Reimbursements/Other income	3,211	-	9,325	6,862	19,398	3,146
Sale of capital assets	-	-	-	-	-	13,004
Interest expense	(18,660)	(69,100)	(14,591)	-	(102,351)	-
Net non-operating revenues (expenses)	150,512	(27,843)	184,490	8,681	315,840	28,251
Change in net position before capital contributions and transfers	336,763	256,730	327,904	53,142	974,539	134,492

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, 2023

	<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>	
Capital contributions and transfers:						
Capital contribution - Federal grants	-	-	5,543,504	-	5,543,504	-
Interfund transfers in	-	-	-	-	-	65,000
Interfund transfers out	(116,145)	(45,027)	(46,747)	(10,485)	(218,404)	-
Net capital contributions and transfers	(116,145)	(45,027)	5,496,757	(10,485)	5,325,100	65,000
Change in net position	220,618	211,703	5,824,661	42,657	6,299,639	199,492
Net position, beginning of year	11,013,203	8,222,005	14,332,525	89,573		2,078,041
Net position, end of year	<u>\$ 11,233,821</u>	<u>\$ 8,433,708</u>	<u>\$ 20,157,186</u>	<u>\$ 132,230</u>		<u>\$ 2,277,533</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					44,621	
Change in net position of business-type activities					<u>\$ 6,344,260</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, 2023

	<i>Enterprise Funds</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	\$ 4,996,182	\$ 1,930,451	\$ 1,981,193	\$ 443,902	\$ 9,351,728	\$ 2,635
Cash received (payments) for interfund services	(423,238)	(47,863)	341,370	(89,923)	(219,654)	513,895
Cash payments to and on behalf of employees	(851,918)	(514,736)	(366,605)	(106,300)	(1,839,559)	(35,267)
Cash payments for goods, services and other	<u>(3,606,871)</u>	<u>(673,677)</u>	<u>(1,087,134)</u>	<u>(207,528)</u>	<u>(5,575,210)</u>	<u>(137,863)</u>
Net cash provided (used) by operating activities	<u>114,155</u>	<u>694,175</u>	<u>868,824</u>	<u>40,151</u>	<u>1,717,305</u>	<u>343,400</u>
Cash flows from non-capital financing activities:						
State grants	-	-	4,217	-	4,217	-
Other income	3,211	-	9,325	6,862	19,398	3,146
Interfund transfers in (out)	<u>(116,145)</u>	<u>(45,027)</u>	<u>(46,747)</u>	<u>(10,485)</u>	<u>(218,404)</u>	<u>65,000</u>
Net cash provided (used) by non-capital financing activities	<u>(112,934)</u>	<u>(45,027)</u>	<u>(33,205)</u>	<u>(3,623)</u>	<u>(194,789)</u>	<u>68,146</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	3,293,359	-	3,293,359	-
Acquisition of capital assets	(62,301)	(140,412)	(5,295,669)	-	(5,498,382)	(231,883)
Sale of capital assets	-	-	-	-	-	10,116
Principal payments on debt	(60,000)	(260,000)	(54,000)	-	(374,000)	-
Interest paid	<u>(18,885)</u>	<u>(70,400)</u>	<u>(14,734)</u>	<u>-</u>	<u>(104,019)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(141,186)</u>	<u>(470,812)</u>	<u>(2,071,044)</u>	<u>-</u>	<u>(2,683,042)</u>	<u>(221,767)</u>
Cash flows from investing activities:						
Interest received	162,246	41,243	123,701	1,819	329,009	12,101
Rent received	26	-	16,883	-	16,909	-
Lease revenue received	<u>3,382</u>	<u>-</u>	<u>42,951</u>	<u>-</u>	<u>46,333</u>	<u>-</u>
Net cash provided by investing activities	<u>165,654</u>	<u>41,243</u>	<u>183,535</u>	<u>1,819</u>	<u>392,251</u>	<u>12,101</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, 2023

	<i>Enterprise Funds</i>					<i>Internal Service Funds</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	25,689	219,579	(1,051,890)	38,347	(768,275)	201,880
Cash, cash equivalents and investments, beginning 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>
Cash, cash equivalents and investments, end of year	<u>\$ 5,637,290</u>	<u>\$ 1,274,639</u>	<u>\$ 2,917,385</u>	<u>\$ 134,929</u>	<u>\$ 9,964,243</u>	<u>\$ 1,009,934</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 186,251	\$ 284,573	\$ 143,414	\$ 44,461	\$ 658,699	\$ 106,241
Adjustments:						
Depreciation	276,853	425,608	360,641	-	1,063,102	233,972
Change in assets and liabilities:						
Utility bills receivable	(13,585)	(13,982)	(14,825)	(2,481)	(44,873)	-
Accounts receivable	395	261	(964)	658	350	-
Due from other funds	(388,090)	-	-	-	(388,090)	-
Inventory	1,961	(485)	5,316	1,527	8,319	3,205
Accounts payable	34,991	(8,051)	(18,016)	(5,047)	3,877	(487)
Due to other funds	-	-	388,090	-	388,090	-
Due to other governments	(1,656)	-	-	-	(1,656)	-
Deposits payable	365	-	140	-	505	-
Accrued wages payable	3,573	3,058	3,713	172	10,516	84
Compensated absences	13,258	3,312	1,476	885	18,931	385
Net pension liability and related deferred outflows and inflows of resources	<u>(161)</u>	<u>(119)</u>	<u>(161)</u>	<u>(24)</u>	<u>(465)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 114,155</u>	<u>\$ 694,175</u>	<u>\$ 868,824</u>	<u>\$ 40,151</u>	<u>\$ 1,717,305</u>	<u>\$ 343,400</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, 2023

	<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	\$ -	\$ 1,042	\$ 2,563	\$ 14,044	\$ 17,649
Accounts receivable	-	-	3,426	-	3,426
Total assets	-	1,042	5,989	14,044	21,075
Liabilities:					
Accounts payable	-	-	-	-	-
Due to other governments	-	-	5,989	-	5,989
Total liabilities	-	-	5,989	-	5,989
Net position:					
Held for other organizations	\$ -	\$ 1,042	\$ -	\$ 14,044	\$ 15,086

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, 2023

	<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	\$ -	\$ 3,200	\$ -	\$ -	\$ 3,200
Investment earnings:					
Interest	-	-	-	19	19
Property taxes collected for other governments	2,017,032	-	-	-	2,017,032
Utility billings collected for other governments	-	-	-	-	-
Total additions	<u>2,017,032</u>	<u>3,200</u>	<u>-</u>	<u>19</u>	<u>2,020,251</u>
Deductions:					
Payments on behalf of organizations	-	2,585	-	20	2,605
Property taxes paid to other governments	2,017,032	-	-	-	2,017,032
Utility billings paid to other governments	-	-	-	-	-
Total deductions	<u>2,017,032</u>	<u>2,585</u>	<u>-</u>	<u>20</u>	<u>2,019,637</u>
Net increase (decrease)	-	615	-	(1)	614
Net position, beginning of year	<u>-</u>	<u>427</u>	<u>-</u>	<u>14,045</u>	<u>14,472</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ -</u>	<u>\$ 14,044</u>	<u>\$ 15,086</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, 2023

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, 2023 was \$3,969. Complete financial statements for the Housing Commission’s June 30, 2023 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, 2023

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 \$126,057. The City received \$11,073 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 \$13,533 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, 2023, this amounted to \$17,300. 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 2022 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, 2023

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 \$2,520 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, 2023

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, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. For the City, deferred outflows of resources are reported in the government-wide and enterprise statement of net position for pension.

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. For the City, deferred inflows of resources include leases. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease.

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, 2023

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 2022 taxable valuation of the City totaled \$59,715,278 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 13.0548 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 \$57,366,932.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 and a lessee for noncancelable leases for right-to-use assets. As a lessor, the City recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable. Interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources is recognized in a systematic and rational manner over the term of the lease.

As a lessee, the City recognizes a lease liability and a lease asset at the commencement of the lease term. The lease liability is measured at the present value of payments expected to be made during the lease. The lease asset is measured at the amount of the initial measurement of the lease liability. The City reduces the lease liability as payments are made and recognizes an outflow of resources (for example, expense) for interest on the liability. The City amortizes the lease asset in a systematic and rational manner over the lease term.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2022	\$	-
Current year building permit revenue		16,082
Related expenses:		
Direct costs		<u>96,213</u>
Cumulative surplus at June 30, 2023	\$	<u>-</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023:

Statement of Net Position:

Cash and cash equivalents (including restricted):

Primary Government	\$ 7,717,953
Component Unit	134,273

Investments (including restricted):

Primary Government	9,383,303
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Statement of Fiduciary Assets and Liabilities:

Cash and cash equivalents:

Custodial Fund	17,649
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Total	<u>\$ 17,253,178</u>
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Deposits and Investments:

Bank deposits	\$ 7,869,582
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Investments:

Pooled investments - Michigan CLASS	9,383,303
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Cash on hand	293
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Total	<u>\$ 17,253,178</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 \$7,918,846 of bank deposits (certificates of deposit, checking and savings) of which \$7,199,211 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, 2023

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>
Pooled investments - Michigan CLASS	\$ 9,383,303	\$ 9,383,303

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 - Michigan CLASS	\$ 9,383,303	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

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 assets. 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.

The City has \$9,383,303 invested with the Michigan Cooperative Liquid Assets Security System (Michigan CLASS). Michigan CLASS is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS funds are authorized to invest in U.S. Treasuries, U.S. Agencies, commercial paper, bankers’ acceptances, repurchase agreements, certificates of deposit, and mutual funds. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1.00. Fair value of the City’s position in the government investment pool is the same as the value of the Michigan CLASS pool shares.

Michigan CLASS (money market mutual fund) is recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under Governmental Accounting Standards Board (GASB) Statement No. 72. The funds do not require notification of redemptions.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Restricted cash and cash equivalents:				
Debt service	\$ 32,109	\$ 104,336	\$ 47,500	\$ 183,945
Replacement/Improvements	761,124	-	234,418	995,542
Restricted investments:				
Debt service	123,742	310,767	-	434,509
Replacement/Improvements	3,874,934	350,126	2,541,255	6,766,315
	<u>\$ 4,791,909</u>	<u>\$ 765,229</u>	<u>\$ 2,823,173</u>	<u>\$ 8,380,311</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.

NOTE 6: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	<i>Restated July 1, 2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30, 2023</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,329,569	\$ -	\$ -	\$ 2,329,569
Construction in progress	65,256	109,058	-	174,314
Capital assets not being depreciated	<u>2,394,825</u>	<u>109,058</u>	<u>-</u>	<u>2,503,883</u>
Capital assets being depreciated:				
Buildings and improvements	4,944,587	23,042	(56,884)	4,910,745
Equipment and vehicles	4,055,747	153,929	(772,648)	3,437,028
Infrastructure - storm sewer	2,816,990	-	-	2,816,990
Infrastructure - streets	24,738,724	257,320	-	24,996,044
Infrastructure - sidewalks	1,163,351	-	-	1,163,351
Lease right-to-use assets - office equipment	24,462	20,967	-	45,429
Capital assets being depreciated	<u>37,743,861</u>	<u>455,258</u>	<u>(829,532)</u>	<u>37,369,587</u>

continued

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: CAPITAL ASSETS, CONTINUED

	<i>Restated</i> <i>July 1,</i> <i>2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2023</i>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(1,656,058)	(153,993)	23,600	(1,786,451)
Equipment and vehicles	(2,664,583)	(262,909)	791,820	(2,135,672)
Infrastructure - storm sewer	(2,633,393)	(5,981)	-	(2,639,374)
Infrastructure - streets	(21,044,482)	(277,441)	-	(21,321,923)
Infrastructure - sidewalks	(947,181)	(12,569)	-	(959,750)
Lease right-to-use assets - office equipment	(690)	(8,804)	-	(9,494)
Accumulated depreciation and amortization	<u>(28,946,387)</u>	<u>(721,697)</u>	<u>815,420</u>	<u>(28,852,664)</u>
Capital assets being depreciated, net	<u>8,797,474</u>	<u>(266,439)</u>	<u>(14,112)</u>	<u>8,516,923</u>
Governmental activities, capital assets, net	<u>\$ 11,192,299</u>	<u>\$ (157,381)</u>	<u>\$ (14,112)</u>	<u>\$ 11,020,806</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 966,863	\$ -	\$ -	\$ 966,863
Construction in progress	<u>1,455,555</u>	<u>6,403,095</u>	<u>-</u>	<u>7,858,650</u>
Capital assets not being depreciated	<u>2,422,418</u>	<u>6,403,095</u>	<u>-</u>	<u>8,825,513</u>
Capital assets being depreciated:				
Buildings and improvements	1,164,976	-	-	1,164,976
Equipment	579,538	16,989	(64,222)	532,305
Electric system	12,734,896	37,075	-	12,771,971
Sewer system	19,566,911	-	-	19,566,911
Water system	<u>18,193,625</u>	<u>6,130</u>	<u>-</u>	<u>18,199,755</u>
Capital assets being depreciated	<u>52,239,946</u>	<u>60,194</u>	<u>(64,222)</u>	<u>52,235,918</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,000,130)	(15,854)	-	(1,015,984)
Equipment	(357,251)	(51,102)	64,222	(344,131)
Electric system	(7,771,971)	(224,446)	-	(7,996,417)
Sewer system	(9,189,360)	(418,175)	-	(9,607,535)
Water system	<u>(8,633,819)</u>	<u>(353,525)</u>	<u>-</u>	<u>(8,987,344)</u>
Accumulated depreciation	<u>(26,952,531)</u>	<u>(1,063,102)</u>	<u>64,222</u>	<u>(27,951,411)</u>
Capital assets being depreciated, net	<u>25,287,415</u>	<u>(1,002,908)</u>	<u>-</u>	<u>24,284,507</u>
Business-type activities capital assets, net	<u>\$ 27,709,833</u>	<u>\$ 5,400,187</u>	<u>\$ -</u>	<u>\$ 33,110,020</u>

Restated July 1, 2022 – Reclassifications were made between categories of assets and accumulated depreciation; however, the beginning total balances were not restated.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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	\$ 97,625	\$ -
Public safety	14,726	-
Public works	302,191	-
Recreation and culture	73,183	-
Electric	-	276,853
Sewer	-	425,608
Water	-	360,641
Internal Service Fund	233,972	-
	<u>\$ 721,697</u>	<u>\$ 1,063,102</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, 2023 is summarized as follows:

	<i>July 1, 2022</i>	<i>Additions</i>	<i>(Reductions)</i>	<i>June 30, 2023</i>	<i>Due Within One Year</i>
Governmental activities:					
<i>Leases payable:</i>					
Office equipment	\$ 23,766	\$ 20,922	\$ (8,422)	\$ 36,266	\$ 10,015
<i>Direct placements:</i>					
2014 Capital Improvement Bond	1,453,000	-	(24,000)	1,429,000	25,000
<i>Other liabilities:</i>					
Compensated absences payable	105,706	89,661	(88,304)	107,063	89,742
Total governmental activities	<u>\$ 1,582,472</u>	<u>\$ 110,583</u>	<u>\$ (120,726)</u>	<u>\$ 1,572,329</u>	<u>\$ 124,757</u>
Business-type Activities:					
<i>Direct placements:</i>					
2013 Water Supply and Sewage Disposal Revenue Bond	\$ 3,520,000	\$ -	\$ (260,000)	\$ 3,260,000	\$ 270,000
2015 Electric Revenue Bonds	630,000	-	(60,000)	570,000	65,000
2020 Water Supply and Sewage Disposal System Revenue Bond	847,000	-	(54,000)	793,000	56,000
<i>Other liabilities:</i>					
Compensated absences payable	122,299	112,888	(93,957)	141,230	108,398
Total business-type activities	<u>\$ 5,119,299</u>	<u>\$ 112,888</u>	<u>\$ (467,957)</u>	<u>\$ 4,764,230</u>	<u>\$ 499,398</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

Debt issues outstanding for the City as of June 30, 2023 are as follows:

	<u>Maturity</u> <u>Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Amount</u> <u>Outstanding</u>
Governmental activities:				
<i>Leases payable:</i>				
Police copier	2028	\$ 5,468	2.50%	\$ 4,602
City hall copier/2 printers	2028	18,995	2.50%	14,955
City hall mail meter and folder	2026	20,694	2.50%	16,709
<i>Direct placements:</i>				
2014 Capital Improvement Bond	2055	1,600,000	3.50%	1,429,000
Business-type Activities:				
<i>Direct placements:</i>				
2013 Water Supply and Sewage Disposal Revenue Bond	2034	5,445,000	2.00%	3,260,000
2015 Electric Revenue Bonds	2031	950,000	2.50-3.55%	570,000
2020 Water Supply and Sewage Disposal System Revenue Bond	2035	950,000	1.59-1.87%	793,000

Annual debt service requirements to maturity for the direct placements for the year ended June 30, 2023 are as follows:

<i>Fiscal</i> <i>Year Ended</i> <i>June 30,</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>
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	29,000	45,798	74,798	423,000	62,476	485,476
2029-2033	160,000	212,802	372,802	2,115,000	171,798	2,286,798
2034-2038	188,000	182,458	370,458	477,000	10,782	487,782
2039-2043	224,000	146,476	370,476	-	-	-
2044-2048	265,000	103,865	368,865	-	-	-
2049-2053	315,000	53,115	368,115	-	-	-
2054-2055	142,000	5,005	147,005	-	-	-
	<u>\$ 1,429,000</u>	<u>\$ 942,336</u>	<u>\$ 2,371,336</u>	<u>\$ 4,623,000</u>	<u>\$ 581,691</u>	<u>\$ 5,204,691</u>

Leases Payable - \$45,429 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 office equipment met the criteria of a lease; thus, requiring it to be recorded by the City. The assets will be amortized over the lease term and the City is not taking ownership of the office equipment.

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, 2023

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>
2024	\$ 10,015	\$ 804	\$ 10,819
2025	10,269	550	10,819
2026	10,526	293	10,819
2027	4,941	80	5,021
2028	515	2	517
	<u>\$ 36,266</u>	<u>\$ 1,729</u>	<u>\$ 37,995</u>

NOTE 8: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivable and payable at June 30, 2023 is as follows:

<i>Interfund Receivable</i>	<i>Interfund Payable</i>	<i>Amount</i>
Electric Fund	Water Fund	<u>\$ 388,090</u>

Management anticipates the individual interfund balances will be repaid as cash flow permits.

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	\$ 912,767
Major Street Fund	Nonmajor Governmental Fund Local Street Fund	142,374
Public Safety Fund	Internal Service Fund Police Equipment Fund	65,000
Electric Fund	Nonmajor Governmental Fund Public Improvement Fund	116,145
Sewer Fund	Nonmajor Governmental Fund Public Improvement Fund	45,027
Water Fund	Nonmajor Governmental Fund Public Improvement Fund	46,747
Solid Waste Fund	Nonmajor Governmental Fund Public Improvement Fund	10,485
		<u>\$ 1,338,545</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 9: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Receivables:				
Property taxes	\$ 6,483	\$ -	\$ 6,483	\$ -
Utility bills	-	1,079,400	1,079,400	-
Accounts	21,674	16,476	38,150	-
Accrued interest	26	482	508	-
Intergovernmental	251,961	2,387,341	2,639,302	-
Leases	-	150,783	150,783	15,168
Total receivables	<u>\$ 280,144</u>	<u>\$ 3,634,482</u>	<u>\$ 3,914,626</u>	<u>\$ 15,168</u>
Accounts payable and accrued expenses:				
Accounts	\$ 270,168	\$ 1,709,138	\$ 1,979,306	\$ 2,536
Payroll liabilities	40,042	32,004	72,046	-
Deposits payable	500	39,225	39,725	-
Accrued interest	16,770	21,648	38,418	-
Intergovernmental	3,730	1,755	5,485	-
Total accounts payable and accrued expenses	<u>\$ 331,210</u>	<u>\$ 1,803,770</u>	<u>\$ 2,134,980</u>	<u>\$ 2,536</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, 2023

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, 2022 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, 2023

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Employees covered by benefit terms – At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits (including refunds)	3
Active employees	<u>3</u>
Total	<u><u>33</u></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 \$25,488 for General NonUnion, \$27,444 Police & Fire, \$42,900 City Manager, and \$1,656 Electric Union. These amounts are equal to the actuarially determined contribution based on the valuation payroll from the December 31, 2020 actuarial valuation.

Net Pension Liability – The City’s net pension liability reported at June 30, 2023 was measured as of December 31, 2022, 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, 2022 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-2020.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2014-2019.

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, 2023

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. 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 12/31/21	\$ 8,113,237	\$ 8,097,455	\$ 15,782
Service cost	25,833	-	25,833
Interest on total pension liability	565,501	-	565,501
Difference between expected and actual experience	49,632	-	49,632
Employer contributions	-	369,552	(369,552)
Employee contributions	-	8,237	(8,237)
Net investment income (loss)	-	(843,977)	843,977
Benefit payments, including employee refunds	(652,278)	(652,278)	-
Administrative expenses	-	(14,837)	14,837
Net changes	(11,312)	(1,133,303)	1,121,991
Balances at 12/31/22	<u>\$ 8,101,925</u>	<u>\$ 6,964,152</u>	<u>\$ 1,137,773</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 165,881
Business-type activities	<u>971,892</u>
	<u>\$ 1,137,773</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 12/31/22	<u>\$ 732,848</u>	<u>\$ -</u>	<u>\$ (633,596)</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, 2023

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, 2023; the City recognized pension expense, on the defined benefit plan, of \$276,892. 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	\$ 662,508	\$ -
Contributions subsequent to the measurement date	138,744	-
	<u>\$ 801,252</u>	<u>\$ -</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	\$ 163,423	\$ -
Business-type activities	637,829	-
	<u>\$ 801,252</u>	<u>\$ -</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 (\$138,744), which will impact the net pension liability in fiscal year 2024, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2024	\$ 60,720
2025	125,357
2026	192,321
2027	284,110

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, 2023

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 \$161,774 for the year ended June 30, 2023. Employee contributions for the plan were \$60,665 for the year ended June 30, 2023. Plan provisions and contribution requirements are established and may be amended by the City Council. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover future employer contributions, be directed to the employer’s plan, or be equally distributed among all remaining active participants in the plan. For the year ended June 30, 2023, forfeitures reduced the City’s expense by \$8,300.

NOTE 12: CONSTRUCTION COMMITMENTS

The City has construction contracts for projects in process within the City. As of June 30, 2023, the City had outstanding work to be completed on construction contracts as shown below:

	<i><u>Construction Commitments</u></i>
M-46 Watermain	\$ 55,052
Orchard Hills Watermain	1,293,467
Water Supply Replacement Project Well #12	<u>327,492</u>
	<u>\$ 1,676,011</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, 2023, there was \$17,651 of City property tax revenue abated under this program.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023 there was \$1,929 of City property tax revenue abated under this program.

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 \$27,328 at June 30, 2023. For year end, the City reported lease revenue of \$2,427 and interest revenue of \$737 related to lease payments received.

The City's Electric Fund entered into a ten-year pole occupancy lease agreement in August 2018 with no renewal options. Based on this agreement, the City is receiving annual payments of \$509 through August 2026. The lease receivable reported is \$1,913 at June 30, 2023. For year end, the City reported lease revenue of \$467 and interest revenue of \$58 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 to \$1,850, increasing 3% each subsequent year. The lease receivable reported is \$3,689 at June 30, 2023. For year end, the City reported lease revenue of \$21,075 and interest revenue of \$388 related to lease payments received.

The City's Water Fund entered into a five-year water tower space lease agreement in December 2021 with four auto renewals of five years each through December 2028. Based on this agreement, the City is receiving monthly payments of \$1,711 to \$1,762, increasing 3% each subsequent year. The City is reporting a lease receivable of \$117,853 at June 30, 2023. For year end, the City reported lease revenue of \$20,296 and interest revenue of \$3,189 related to lease payments received.

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 \$555, increasing 5% each subsequent year. The lease receivable reported is \$15,168 at June 30, 2023. For year end, the DDA reported lease revenue of \$6,423 and interest revenue of \$463 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 25,833	\$ 21,467	\$ 28,733	\$ 27,449	\$ 26,371
Interest on total pension liability	565,501	574,207	563,762	575,965	593,370
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	49,632	51,435	(36,769)	(2,393)	(219,932)
Changes in assumptions	-	235,660	205,704	230,181	-
Benefit payments, including employee refunds	(652,278)	(628,322)	(612,390)	(614,601)	(621,215)
Other changes	-	2	-	-	-
Net change in total pension liability	(11,312)	254,449	149,040	216,601	(221,406)
Total pension liability - beginning	8,113,237	7,858,788	7,709,748	7,493,147	7,714,553
Total pension liability - ending	<u>\$ 8,101,925</u>	<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	\$ 369,552	\$ 657,862	\$ 502,854	\$ 456,066	\$ 432,552
Contributions - employee	8,237	10,141	10,986	10,633	10,234
Net investment income (loss)	(843,977)	997,474	814,598	776,959	(238,958)
Benefit payments, including employee refunds	(652,278)	(628,322)	(612,390)	(614,601)	(621,215)
Administrative expenses	(14,837)	(11,444)	(12,816)	(13,383)	(11,914)
Net change in plan fiduciary net position	(1,133,303)	1,025,711	703,232	615,674	(429,301)
Total plan fiduciary net position - beginning	8,097,455	7,071,744	6,368,512	5,752,838	6,182,139
Total plan fiduciary net position - ending	<u>\$ 6,964,152</u>	<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	\$ 1,137,773	\$ 15,782	\$ 787,044	\$ 1,341,236	\$ 1,740,309
Plan fiduciary net position as a percentage of the total pension liability	85.96%	99.81%	89.99%	82.60%	76.77%
Covered payroll	\$ 239,981	\$ 217,905	\$ 292,357	\$ 278,289	\$ 267,858
City's net pension liability as a percentage of covered payroll	474.11%	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	7,698,125	7,863,867	7,587,988	7,578,111
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	5,690,522	5,297,487	5,664,770	5,487,323
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 payroll	\$ 264,600	\$ 325,067	\$ 311,442	\$ 311,066
City's net pension liability as a percentage of covered 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>
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%
2023	97,488	277,488	(180,000)	228,080	42.74%	121.66%

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	7.00% net of investment and administrative expense including inflation
Retirement age	50-60 years of age depending on years of credited services
Mortality	Pub-2010 and fully generational MP-2020

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, 2023

	<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:				
Taxes	\$ 812,291	\$ 812,291	\$ 813,364	\$ 1,073
Licenses and permits	42,695	47,565	50,036	2,471
Federal grants	1,263,000	415,901	-	(415,901)
State grants	727,258	759,258	752,321	(6,937)
Charges for services	804,338	725,038	736,733	11,695
Fines and forfeits	-	-	500	500
Investment income and rentals	8,914	61,414	69,010	7,596
Other revenue	14,765	17,200	18,831	1,631
Total revenues	<u>3,673,261</u>	<u>2,838,667</u>	<u>2,440,795</u>	<u>(397,872)</u>
Expenditures:				
Current				
General government				
Council	27,715	27,715	22,027	5,688
Manager	36,233	54,478	50,557	3,921
Clerk	37,604	40,804	40,425	379
Board of review	2,750	2,000	1,637	363
Treasurer/Finance department	89,014	89,014	74,652	14,362
Assessor	77,529	77,529	73,281	4,248
Elections	27,909	26,709	24,570	2,139
City hall	192,032	192,032	169,520	22,512
Corporate council	10,710	7,710	3,177	4,533
Total general government	<u>501,496</u>	<u>517,991</u>	<u>459,846</u>	<u>58,145</u>
Public safety				
Building inspection/Code enforcement	102,439	102,439	96,213	6,226
Public works				
Department of public works	269,751	250,751	218,843	31,908
Cemetery	127,573	127,573	93,849	33,724
Total public works	<u>397,324</u>	<u>378,324</u>	<u>312,692</u>	<u>65,632</u>
Community and economic development				
Planning	34,755	4,755	1,554	3,201
Economic development	94,180	94,180	82,319	11,861
Industrial Park	21,117	40,117	39,961	156
Community promotion	23,959	23,959	22,233	1,726
Total community and economic development	<u>174,011</u>	<u>163,011</u>	<u>146,067</u>	<u>16,944</u>

continued

CITY OF ST. LOUIS

GENERAL FUND BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended June 30, 2023

	<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	87,654	102,654	75,176	27,478
Parks maintenance	94,611	94,611	81,756	12,855
Total recreation and culture	182,265	197,265	156,932	40,333
Other				
Pension	26,377	-	-	-
Capital outlay				
General government				
City hall	25,000	27,000	26,669	331
Public works				
Department of public works	275,000	143,000	97,064	45,936
Cemetery	13,650	-	-	-
Recreation and culture				
Parks maintenance	24,400	-	-	-
Total capital outlay	338,050	170,000	123,733	46,267
Debt service				
Principal	24,000	31,498	31,421	77
Interest and fees	50,435	51,069	51,069	-
Total debt service	74,435	82,567	82,490	77
Total expenditures	1,796,397	1,611,597	1,377,973	233,624
Excess (deficiency) of revenues over expenditures	1,876,864	1,227,070	1,062,822	(164,248)
Other financing sources (uses):				
Proceeds from lease financing	-	-	20,694	20,694
Interfund transfers out	(2,262,672)	(1,377,523)	(912,767)	464,756
Net other financing sources (uses)	(2,262,672)	(1,377,523)	(892,073)	485,450
Change in fund balance	(385,808)	(150,453)	170,749	321,202
Fund balance, beginning of year	1,689,539	1,689,539	1,689,539	-
Fund balance, end of year	\$ 1,303,731	\$ 1,539,086	\$ 1,860,288	\$ 321,202

CITY OF ST. LOUIS

PUBLIC SAFETY FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2023

	<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:				
Taxes	\$ 114,728	\$ 114,728	\$ 114,729	\$ 1
State grants	16,590	16,590	15,949	(641)
Fines and forfeits	620	620	470	(150)
Investment income and rentals	5	55	47	(8)
Other revenue	<u>3,090</u>	<u>16,090</u>	<u>20,775</u>	<u>4,685</u>
Total revenues	<u>135,033</u>	<u>148,083</u>	<u>151,970</u>	<u>3,887</u>
Expenditures:				
Current				
Public safety	1,109,221	1,068,221	1,066,469	1,752
Debt service				
Principal	-	1,036	1,001	35
Interest and fees	<u>-</u>	<u>114</u>	<u>114</u>	<u>-</u>
Total expenditures	<u>1,109,221</u>	<u>1,069,371</u>	<u>1,067,584</u>	<u>1,787</u>
Excess (deficiency) of revenues over expenditures	<u>(974,188)</u>	<u>(921,288)</u>	<u>(915,614)</u>	<u>5,674</u>
Other financing sources (uses):				
Proceeds from lease financing	-	-	273	273
Interfund transfers in	999,672	961,622	912,767	(48,855)
Interfund transfers out	<u>(25,484)</u>	<u>(40,334)</u>	<u>(65,000)</u>	<u>(24,666)</u>
Net other financing sources (uses)	<u>974,188</u>	<u>921,288</u>	<u>848,040</u>	<u>(73,248)</u>
Change in fund balance	-	-	(67,574)	(67,574)
Fund balance, beginning of year	<u>71,981</u>	<u>71,981</u>	<u>71,981</u>	<u>-</u>
Fund balance, end of year	<u>\$ 71,981</u>	<u>\$ 71,981</u>	<u>\$ 4,407</u>	<u>\$ (67,574)</u>

SUPPLEMENTARY INFORMATION

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2023

	<i>Special Revenue Funds</i>		
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>
Assets:			
Cash and cash equivalents	\$ 852,214	\$ 1,099,493	\$ 287,662
Investments	-	-	674,577
Accounts receivable	522	-	-
Accrued interest receivable	-	-	-
Due from other governments	100,000	38,021	-
Prepaid expenditures	-	-	1,031
Total assets	<u>\$ 952,736</u>	<u>\$ 1,137,514</u>	<u>\$ 963,270</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 73,556	\$ 133,200	\$ 1,040
Accrued wages payable	744	1,336	2,826
Total liabilities	<u>74,300</u>	<u>134,536</u>	<u>3,866</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	-	1,031
Nonexpendable cemetery principal	-	-	-
Restricted for:			
Library operations	-	-	958,373
Streets	878,436	1,002,978	-
Committed to:			
Capital improvements	-	-	-
Cemetery operations	-	-	-
Total fund balances	<u>878,436</u>	<u>1,002,978</u>	<u>959,404</u>
Total liabilities and fund balances	<u>\$ 952,736</u>	<u>\$ 1,137,514</u>	<u>\$ 963,270</u>

continued

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2023

	<i>Capital Projects Fund</i>	<i>Permanent Fund</i>	
	<i>Public Improvement Fund</i>	<i>Cemetery Perpetual Care Fund</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 1,138,455	\$ 229,116	\$ 3,606,940
Investments	202,796	21,767	899,140
Accounts receivable	-	-	522
Accrued interest receivable	-	26	26
Due from other governments	-	-	138,021
Prepaid expenditures	-	-	1,031
Total assets	<u>\$ 1,341,251</u>	<u>\$ 250,909</u>	<u>\$ 4,645,680</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 207,796
Accrued wages payable	-	-	4,906
Total liabilities	<u>-</u>	<u>-</u>	<u>212,702</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	-	1,031
Nonexpendable cemetery principal	-	189,995	189,995
Restricted for:			
Library operations	-	-	958,373
Streets	-	-	1,881,414
Committed to:			
Capital improvements	1,341,251	-	1,341,251
Cemetery operations	-	60,914	60,914
Total fund balances	<u>1,341,251</u>	<u>250,909</u>	<u>4,432,978</u>
Total liabilities and fund balances	<u>\$ 1,341,251</u>	<u>\$ 250,909</u>	<u>\$ 4,645,680</u>

CITY OF ST. LOUIS

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

Year Ended June 30, 2023

	<i>Special Revenue Funds</i>		
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>
Revenues:			
State grants	579,239	\$ 224,050	\$ 10,361
Contributions from other units	-	-	208,809
Charges for services	7,410	-	411
Fines and forfeits	-	-	51,408
Investment income and rentals	12,404	14,297	27,423
Other revenue	635	44,229	21,883
Total revenues	599,688	282,576	320,295
Expenditures:			
Current			
Public works	125,120	157,000	-
Recreation and culture	-	-	230,322
Capital outlay	89,058	180,256	-
Total expenditures	214,178	337,256	230,322
Excess (deficiency) of revenues over expenditures	385,510	(54,680)	89,973
Other financing sources (uses):			
Interfund transfers in	-	142,374	-
Interfund transfers out	(142,374)	-	-
Net other financing sources (uses)	(142,374)	142,374	-
Changes in fund balances	243,136	87,694	89,973
Fund balances, beginning of year	635,300	915,284	869,431
Fund balances, end of year	\$ 878,436	\$ 1,002,978	\$ 959,404

continued

CITY OF ST. LOUIS

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

Year Ended June 30, 2023

	<i>Capital Projects Fund</i>	<i>Permanent Fund</i>	<i>Total</i>
	<i>Public Improvement Fund</i>	<i>Cemetery Perpetual Care Fund</i>	
Revenues:			
State grants	\$ -	\$ -	\$ 813,650
Contributions from other units	-	-	208,809
Charges for services	-	2,288	10,109
Fines and forfeits	-	-	51,408
Interest and rents	19,418	774	74,316
Other revenue	-	-	66,747
Total revenues	19,418	3,062	1,225,039
Expenditures:			
Current			
Public works	-	-	282,120
Recreation and culture	-	-	230,322
Capital outlay	-	-	269,314
Total expenditures	-	-	781,756
Excess (deficiency) of revenues over expenditures	19,418	3,062	443,283
Other financing sources (uses):			
Interfund transfers in	218,404	-	360,778
Interfund transfers out	-	-	(142,374)
Net other financing sources (uses)	218,404	-	218,404
Changes in fund balances	237,822	3,062	661,687
Fund balances, beginning of year	1,103,429	247,847	3,771,291
Fund balances, end of year	\$ 1,341,251	\$ 250,909	\$ 4,432,978

CITY OF ST. LOUIS

WATER FUND COMBINING STATEMENT OF NET POSITION

June 30, 2023

	<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	\$ 94,212	\$ -	\$ -	\$ 94,212
Utility bills receivable	238,557	-	-	238,557
Accounts receivable	2,777	-	-	2,777
Accrued interest receivable	164	-	-	164
Due from other governments	1,474,990	-	912,351	2,387,341
Inventory	27,627	-	-	27,627
Total current assets	<u>1,838,327</u>	<u>-</u>	<u>912,351</u>	<u>2,750,678</u>
<i>Noncurrent assets:</i>				
Restricted cash and cash equivalents	281,918	-	-	281,918
Restricted investments	916,219	15	1,625,021	2,541,255
Capital assets not being depreciated	1,578,325	2,225,154	4,364,192	8,167,671
Capital assets being depreciated, net	1,269,633	-	7,952,221	9,221,854
Lease receivable	121,542	-	-	121,542
Total noncurrent assets	<u>4,167,637</u>	<u>2,225,169</u>	<u>13,941,434</u>	<u>20,334,240</u>
Total assets	<u>6,005,964</u>	<u>2,225,169</u>	<u>14,853,785</u>	<u>23,084,918</u>
Deferred outflows of resources:				
Related to pension	223,172	-	-	223,172
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable	959,152	44,697	462,301	1,466,150
Due to other funds	-	15	388,075	388,090
Accrued interest payable	2,313	-	-	2,313
Deposits payable	9,644	-	-	9,644
Accrued wages payable	8,261	-	-	8,261
Compensated absences payable - current	19,727	-	-	19,727
Long-term debt - current	56,000	-	-	56,000
Total current liabilities	<u>1,055,097</u>	<u>44,712</u>	<u>850,376</u>	<u>1,950,185</u>
<i>Noncurrent liabilities:</i>				
Compensated absences payable	5,087	-	-	5,087
Long-term debt - net of current	737,000	-	-	737,000
Net pension liability	343,492	-	-	343,492
Total noncurrent liabilities	<u>1,085,579</u>	<u>-</u>	<u>-</u>	<u>1,085,579</u>
Total liabilities	<u>2,140,676</u>	<u>44,712</u>	<u>850,376</u>	<u>3,035,764</u>

continued

CITY OF ST. LOUIS

WATER FUND
COMBINING STATEMENT OF NET POSITION, CONTINUED
 June 30, 2023

	<i><u>Water Operations Fund</u></i>	<i><u>Water Supply Construction Fund</u></i>	<i><u>Water Supply Replacement Fund</u></i>	<i><u>Total Water Fund</u></i>
Net position:				
Net investment in capital assets	2,054,958	2,225,154	12,316,413	16,596,525
Restricted for:				
Debt service	47,500	-	-	47,500
Replacement/improvements	1,150,637	-	-	1,150,637
Water supply replacement	-	(44,697)	1,686,996	1,642,299
Unrestricted	<u>720,225</u>	<u>-</u>	<u>-</u>	<u>720,225</u>
Total net position	<u>\$ 3,973,320</u>	<u>\$ 2,180,457</u>	<u>\$ 14,003,409</u>	<u>\$ 20,157,186</u>

CITY OF ST. LOUIS

WATER FUND

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

Year Ended June 30, 2023

	<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	\$ 1,950,014	-	-	\$ 1,950,014
Other	30,610	-	-	30,610
Penalties	16,358	-	-	16,358
Total operating revenues	<u>1,996,982</u>	<u>-</u>	<u>-</u>	<u>1,996,982</u>
Operating expenses:				
Personnel	371,633	-	-	371,633
Contracted services	31,160	-	-	31,160
Purchase of water	756,619	-	-	756,619
Administrative expense	171,770	-	-	171,770
Other services and supplies	161,745	-	-	161,745
Depreciation	360,641	-	-	360,641
Total operating expenses	<u>1,853,568</u>	<u>-</u>	<u>-</u>	<u>1,853,568</u>
Operating income (loss)	<u>143,414</u>	<u>-</u>	<u>-</u>	<u>143,414</u>
Non-operating revenues (expenses):				
State grants	4,217	-	-	4,217
Interest income	45,686	1,597	76,425	123,708
Rental income	16,883	-	-	16,883
Lease revenue	44,948	-	-	44,948
Other income	9,325	-	-	9,325
Interest expense	(14,591)	-	-	(14,591)
Net non-operating revenues (expenses)	<u>106,468</u>	<u>1,597</u>	<u>76,425</u>	<u>184,490</u>
Change in net position before capital contributions and transfers	<u>249,882</u>	<u>1,597</u>	<u>76,425</u>	<u>327,904</u>
Capital contributions and transfers:				
Capital contributions - Federal grants	1,474,989	915,901	3,152,614	5,543,504
Interfund transfers in (out)	(657,856)	611,109	-	(46,747)
Total capital contributions and transfers	<u>817,133</u>	<u>1,527,010</u>	<u>3,152,614</u>	<u>5,496,757</u>
Change in net position	1,067,015	1,528,607	3,229,039	5,824,661
Net position, beginning of year	<u>2,906,305</u>	<u>651,850</u>	<u>10,774,370</u>	<u>14,332,525</u>
Net position, end of year	<u>\$ 3,973,320</u>	<u>\$ 2,180,457</u>	<u>\$ 14,003,409</u>	<u>\$ 20,157,186</u>

CITY OF ST. LOUIS

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

June 30, 2023

	<i>Motorpool Fund</i>	<i>Police Equipment Fund</i>	<i>Total Internal Service Funds</i>
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 890,740	\$ 119,194	\$ 1,009,934
Inventory	11,879	-	11,879
Total current assets	902,619	119,194	1,021,813
<i>Noncurrent assets:</i>			
Capital assets:			
Being depreciated, net	1,263,150	-	1,263,150
Total assets	2,165,769	119,194	2,284,963
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	3,881	1,163	5,044
Accrued wages payable	384	-	384
Compensated absences payable - current	1,684	-	1,684
Total current liabilities	5,949	1,163	7,112
<i>Noncurrent liabilities:</i>			
Compensated absences payable - net of current	318	-	318
Total liabilities	6,267	1,163	7,430
Net position:			
Investment in capital assets	1,263,150	-	1,263,150
Unrestricted	896,352	118,031	1,014,383
Total net position	\$ 2,159,502	\$ 118,031	\$ 2,277,533

CITY OF ST. LOUIS

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

Year Ended June 30, 2023

	<i>Motorpool Fund</i>	<i>Police Equipment Fund</i>	<i>Total Internal Service Funds</i>
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services			
Other	\$ 2,635	\$ -	\$ 2,635
Equipment rental	<u>428,873</u>	<u>85,022</u>	<u>513,895</u>
Total operating revenues	<u>431,508</u>	<u>85,022</u>	<u>516,530</u>
Operating expenses:			
Personnel	35,736	-	35,736
Contracted services	29	-	29
Other services and charges	107,936	32,616	140,552
Depreciation	<u>233,972</u>	<u>-</u>	<u>233,972</u>
Total operating expenses	<u>377,673</u>	<u>32,616</u>	<u>410,289</u>
Operating income (loss)	<u>53,835</u>	<u>52,406</u>	<u>106,241</u>
Non-operating revenues (expenses):			
Interest income	11,476	625	12,101
Reimbursements/Other income	3,146	-	3,146
Sale of capital assets	<u>13,004</u>	<u>-</u>	<u>13,004</u>
Net non-operating revenues (expenses)	<u>27,626</u>	<u>625</u>	<u>28,251</u>
Change in net position before transfers	81,461	53,031	134,492
Transfers:			
Interfund transfers in	<u>-</u>	<u>65,000</u>	<u>65,000</u>
Change in net position	81,461	118,031	199,492
Net position, beginning of year	<u>2,078,041</u>	<u>-</u>	<u>2,078,041</u>
Net position, end of year	<u>\$ 2,159,502</u>	<u>\$ 118,031</u>	<u>\$ 2,277,533</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET

June 30, 2023

Assets:

Cash and cash equivalents	\$ 134,273
Property held for resale	85,000
Lease receivable	<u>15,168</u>
Total assets	<u>\$ 234,441</u>

Liabilities:

Accounts payable	\$ 2,536
Unearned revenue	<u>555</u>
Total liabilities	<u>3,091</u>

Deferred inflows of resources:

Leases	<u>14,452</u>
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Fund balance:

Nonspendable:	
Property held for resale	85,000
Assigned:	
Building operation and maintenance	14,793
Unassigned	<u>117,105</u>
Total fund balance	<u>216,898</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 234,441</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

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

Year Ended June 30, 2023

Revenues:

Property taxes	\$ 41,855
Investment income and rentals	<u>8,902</u>
Total revenues	<u>50,757</u>

Expenditures:

Current	
Community and economic development	<u>16,720</u>
Change in fund balance	34,037
Fund balance, beginning of year	<u>182,861</u>
Fund balance, end of year	<u><u>\$ 216,898</u></u>

CITY OF ST. LOUIS

GOVERNMENTAL-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

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

Issue in the amount of	\$ 1,600,000
Less: Principal paid in prior years	(147,000)
Principal paid in current year	<u>(24,000)</u>
Balance payable at June 30, 2023	<u>\$ 1,429,000</u>

Balance payable as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>September 1</u>	<u>Interest due</u> <u>September 1</u>	<u>Interest due</u> <u>March 1</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
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>\$ 1,429,000</u>	<u>\$ 483,672</u>	<u>\$ 458,664</u>	<u>\$ 2,371,336</u>

CITY OF ST. LOUIS

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

POLICE COPIER LEASE

Issue in the amount of	\$	5,468
Add:		
Financing for new payment		228
Less:		
Principal paid in prior years		(93)
Principal paid in current year		<u>(1,001)</u>
Balance payable at June 30, 2023	\$	<u>4,602</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.50%	\$ 1,061	\$ 103	\$ 1,164
2025	2.50%	1,088	76	1,164
2026	2.50%	1,115	49	1,164
2027	2.50%	1,144	20	1,164
2028	2.50%	<u>194</u>	<u>1</u>	<u>195</u>
		<u>\$ 4,602</u>	<u>\$ 249</u>	<u>\$ 4,851</u>

CITY HALL COPIER/2 PRINTERS

Issue in the amount of	\$	18,995
Less:		
Principal paid in prior years		(604)
Principal paid in current year		<u>(3,436)</u>
Balance payable at June 30, 2023	\$	<u>14,955</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
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>\$ 14,955</u>	<u>\$ 795</u>	<u>\$ 15,750</u>

CITY OF ST. LOUIS

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

CITY HALL MAIL METER AND FOLDER

Issue in the amount of	\$	20,694
Less: Principal paid in prior years		-
Principal paid in current year		<u>(3,985)</u>
Balance payable at June 30, 2023	\$	<u>16,709</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u></u>	<i>Interest due</i> <u></u>	<i>Total</i> <i>Annual</i> <i>Requirement</i> <u></u>
2024	2.50%	\$ 5,431	\$ 367	\$ 5,798
2025	2.50%	5,569	229	5,798
2026	2.50%	<u>5,709</u>	<u>89</u>	<u>5,798</u>
		<u>\$ 16,709</u>	<u>\$ 685</u>	<u>\$ 17,394</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

2015 ELECTRIC REVENUE BONDS

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	(320,000)
Principal paid in current year	<u>(60,000)</u>
Balance payable at June 30, 2023	<u>\$ 570,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due November 1</i>	<i>Interest due November 1</i>	<i>Interest due May 1</i>	<i>Total Annual Requirement</i>
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%	80,000	1,420	-	81,420
		<u>\$ 570,000</u>	<u>\$ 44,861</u>	<u>\$ 35,756</u>	<u>\$ 650,617</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2013

Issue in the amount of		\$ 5,445,000
Less:	Principal paid in prior years	(1,925,000)
	Principal paid in current year	<u>(260,000)</u>
Balance payable at June 30, 2023		<u>\$ 3,260,000</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>
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>\$ 201,700</u>	<u>\$ 3,260,000</u>	<u>\$ 201,700</u>	<u>\$ 3,663,400</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2020

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	(103,000)
Principal paid in current year	<u>(54,000)</u>
Balance payable at June 30, 2023	<u>\$ 793,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due September 1</i>	<i>Principal due March 1</i>	<i>Interest due March 1</i>	<i>Total Annual Requirement</i>
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%	720	77,000	720	78,440
		<u>\$ 48,837</u>	<u>\$ 793,000</u>	<u>\$ 48,837</u>	<u>\$ 890,674</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, 2023, 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, 2023.

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, 2023