

CITY OF ST. LOUIS

Gratiot County, Michigan

FINANCIAL STATEMENTS

June 30, 2021

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Reconciliation of Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities.....	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Fund Net Position.....	20
Statement of Cash Flows.....	22
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	24
Statement of Changes in Fiduciary Net Position.....	25
Notes to Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in City's Net Pension Liability and Related Ratios.....	50
Schedule of City Defined Benefit Plan Pension Contributions.....	52
Budgetary Comparison Schedule – General Fund.....	53
OTHER SUPPLEMENTARY INFORMATION:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	58
Component Unit – Downtown Development Authority:	
Balance Sheet.....	60
Statement of Revenues, Expenses, and Changes in Fund Balance.....	61
Water Fund:	
Combining Statement of Net Position.....	62
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	64
Schedules of Indebtedness	65
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	70



INDEPENDENT AUDITORS' REPORT

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

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of St. Louis as of June 30, 2021, 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.

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

Change in Accounting Principle and Emphasis of Matter

During the year ended June 30, 2021, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 9), schedule of changes in net pension liability and related ratios (pages 50 and 51), schedule of defined benefit plan pension contributions (page 52), and budgetary comparison information (pages 53 and 54), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Louis' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 16, 2021 on our consideration of the City of Louis' 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 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 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' internal control over financial reporting and compliance.

Berthiaume & Co.
Saginaw, Michigan
December 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. 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 \$46,628,448 for the fiscal year ended June 30, 2021, compared to \$49,024,677 for the fiscal year ended June 30, 2020.
- In the City's governmental activities, revenues generated were \$3,965,794 while expenses totaled \$3,448,158.
- In the City's business-type activities, revenues generated were \$9,403,649 while expenses totaled \$8,038,785.
- Total net position decreased by \$2,396,229. During the year, the City transferred \$4,288,291 of capital assets to the joint venture, Gratiot Area Water Authority.

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.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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.

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 six (6) individual governmental funds. Separate information is presented for the General Fund, which is considered to be a "major" fund. 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 fund is the Motor Pool Fund.

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

Notes to the Financial Statements:

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

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

THE CITY AS A WHOLE:

The City's total combined net position for the fiscal year ended June 30, 2021 is \$46,628,448, consisting of \$14,216,128 in governmental activities and \$32,412,320 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$4,779,071. Governmental activities unrestricted total is \$2,344,992, while business-type activities is \$2,434,079.

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, 2021 and June 30, 2020.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 5,307,549	\$ 4,854,908	\$ 12,010,918	\$ 12,180,933	\$ 17,318,467	\$ 17,035,841
Capital assets, net	<u>10,930,636</u>	<u>10,762,211</u>	<u>27,274,219</u>	<u>30,861,716</u>	<u>38,204,855</u>	<u>41,623,927</u>
Total assets	<u>16,238,185</u>	<u>15,617,119</u>	<u>39,285,137</u>	<u>43,042,649</u>	<u>55,523,322</u>	<u>58,659,768</u>
Deferred outflows	<u>48,213</u>	<u>45,064</u>	<u>213,321</u>	<u>220,815</u>	<u>261,534</u>	<u>265,879</u>
Liabilities:						
Current liabilities	344,872	355,479	718,263	737,028	1,063,135	1,092,507
Long-term liabilities	<u>1,671,100</u>	<u>1,827,291</u>	<u>6,191,400</u>	<u>6,978,547</u>	<u>7,862,500</u>	<u>8,805,838</u>
Total liabilities	<u>2,015,972</u>	<u>2,182,770</u>	<u>6,909,663</u>	<u>7,715,575</u>	<u>8,925,635</u>	<u>9,898,345</u>
Deferred inflows	<u>54,298</u>	<u>-</u>	<u>176,475</u>	<u>2,625</u>	<u>230,773</u>	<u>2,625</u>
Net position:						
Net investment in capital assets	9,454,636	9,252,849	22,300,549	25,729,507	31,755,185	34,982,356
Restricted	2,416,500	2,552,571	7,677,692	7,756,966	10,094,192	10,309,537
Unrestricted	<u>2,344,992</u>	<u>1,673,993</u>	<u>2,434,079</u>	<u>2,058,791</u>	<u>4,779,071</u>	<u>3,732,784</u>
Total net position	<u>\$ 14,216,128</u>	<u>\$ 13,479,413</u>	<u>\$ 32,412,320</u>	<u>\$ 35,545,264</u>	<u>\$ 46,628,448</u>	<u>\$ 49,024,677</u>

The City's combined total net position decreased by \$2,396,229 during the current fiscal year. Governmental activities increased by \$736,715 while business-type activities decreased by \$3,132,944.

Governmental Activities:

The City's total governmental revenue is reported at \$3,965,794, an increase of \$64,087 from the prior fiscal year. Total expenses increased by \$195,401 from the prior fiscal year.

Business-type Activities:

The City's total business-type revenue is reported at \$9,403,649, an increase of \$66,985 from the prior fiscal year. Total expenses decreased by \$83,052 from the prior fiscal year.

The following table shows the comparison of the change in net position in a condensed format for the fiscal years ended June 30, 2021 and June 30, 2020.

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues						
Charges for services	\$ 1,266,687	\$ 1,180,893	\$ 9,042,509	\$ 9,046,125	\$ 10,309,196	\$ 10,227,018
Operating grants	1,126,634	961,570	-	-	1,126,634	961,570
Capital grants	72,836	387,769	324,702	176,428	397,538	564,197
General revenues						
Property taxes	759,919	731,613	-	-	759,919	731,613
Franchise fees	26,899	27,760	-	-	26,899	27,760
Unrestricted grants	644,486	565,200	-	-	644,486	565,200
Investment earnings	9,204	34,736	12,777	114,111	21,981	148,847
Other	59,129	12,166	23,661	-	82,790	12,166
Total revenues	<u>3,965,794</u>	<u>3,901,707</u>	<u>9,403,649</u>	<u>9,336,664</u>	<u>13,369,443</u>	<u>13,238,371</u>
Expenses:						
General government	554,776	488,642	-	-	554,776	488,642
Public safety	1,053,179	1,033,663	-	-	1,053,179	1,033,663
Public works	1,307,412	1,205,014	-	-	1,307,412	1,205,014
Community and economic development	121,381	142,132	-	-	121,381	142,132
Recreation and culture	359,721	330,101	-	-	359,721	330,101
Interest on long-term debt	51,689	53,205	-	-	51,689	53,205
Electric	-	-	4,548,916	4,427,416	4,548,916	4,427,416
Sewer	-	-	1,476,640	1,557,355	1,476,640	1,557,355
Water	-	-	1,630,209	1,736,357	1,630,209	1,736,357
Solid Waste	-	-	383,020	400,709	383,020	400,709
Total expenses	<u>3,448,158</u>	<u>3,252,757</u>	<u>8,038,785</u>	<u>8,121,837</u>	<u>11,486,943</u>	<u>11,374,594</u>
Excess of revenues over expenses before other items	<u>517,636</u>	<u>648,950</u>	<u>1,364,864</u>	<u>1,214,827</u>	<u>1,882,500</u>	<u>1,863,777</u>
Other items:						
Contributions to principal	3,500	1,963	-	-	3,500	1,963
Sale of capital assets	6,062	53,888	-	-	6,062	53,888
Transfer of capital assets to joint authority	-	-	(4,288,291)	-	(4,288,291)	-
Interfund transfers	209,517	522,980	(209,517)	(522,980)	-	-
Total other items	<u>219,079</u>	<u>578,831</u>	<u>(4,497,808)</u>	<u>(522,980)</u>	<u>(4,278,729)</u>	<u>55,851</u>
Changes in net position	736,715	1,227,781	(3,132,944)	691,847	(2,396,229)	1,919,628
Net position, beginning	<u>13,479,413</u>	<u>12,251,632</u>	<u>35,545,264</u>	<u>34,853,417</u>	<u>49,024,677</u>	<u>47,105,049</u>
Net position, ending	<u>\$ 14,216,128</u>	<u>\$ 13,479,413</u>	<u>\$ 32,412,320</u>	<u>\$ 35,545,264</u>	<u>\$ 46,628,448</u>	<u>\$ 49,024,677</u>

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

THE CITY'S FUNDS:

Presentation of the City of St. Louis' major fund and aggregate nonmajor funds begins on page 14, 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 the only governmental fund 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, 2021, General Fund financing sources exceeded its financing uses by \$217,726, increasing its ending fund balance to \$1,409,594.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a decrease in fund balance of \$249,472. During the year, the City made budget amendments which changed the projection to a net increase in fund balance of \$55,239. The actual results for the year yielded an increase in fund balance of \$217,726.

Capital Assets and Debt Administration:

At June 30, 2021, the City of St. Louis had \$38,204,855 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, 2020, this total was \$41,623,927. 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, 2021, the City of St. Louis' total long-term indebtedness (not including compensated absences and net pension liability) was \$6,841,000, of which \$1,476,000 was backed by the full faith and credit of the City and the remaining \$5,365,000 was backed by specific revenue sources. Additional information about the City's indebtedness is presented in Note 7 of the Notes to the Financial Statements.

Economic Factors:

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

CITY OF ST. LOUIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. Due to the long-term impacts of COVID-19, which we do not know at this time, we expect the next few years may be challenging for local government. We are fortunate to have healthy fund equity to provide us some flexibility as we address the challenges.

The 2020 census resulted in a decrease in population from the previous decade. The financial impact of the census counts won't be known until it is determined proportionally how much the City lost compared to the state population loss, but we anticipate state shared revenue may decrease.

Gratiot County (which includes the City of St. Louis and the surrounding incorporated and unincorporated area), has a labor force of 17,943 people. The unemployment rate in the County for July 2021 is 5.1% which is down from the July 2020 rate of 7.9%. Statewide the unemployment for the same period saw an downward trend from 14.8% to 5.4%. This change is primarily due to rebounding from the pandemic.

The City continues to monitor spending closely and seek out revenue sources and programs in order to sustain the level of services that residents in the community have become accustomed to.

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 Bobbie Marr, Finance Director, 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, 2021

	<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	\$ 4,517,561	\$ 2,238,254	\$ 6,755,815	\$ 58,743
Investments	729,942	133,315	863,257	-
Receivables	299,890	1,567,546	1,867,436	-
Internal balances	(333,076)	333,076	-	-
Inventory	36,871	271,816	308,687	-
Prepaid expenses	56,361	-	56,361	-
Restricted cash and cash equivalents	-	3,138,065	3,138,065	-
Restricted investments	-	4,328,846	4,328,846	-
Asset held for resale	-	-	-	85,000
Capital assets not being depreciated	2,523,701	2,176,078	4,699,779	-
Capital assets being depreciated, net	8,406,935	25,098,141	33,505,076	-
Total assets	<u>16,238,185</u>	<u>39,285,137</u>	<u>55,523,322</u>	<u>143,743</u>
Deferred outflows of resources:				
Related to pension	<u>48,213</u>	<u>213,321</u>	<u>261,534</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued expenses	344,872	718,263	1,063,135	496
Long-term liabilities:				
Due within one year				
Long-term debt	23,000	368,000	391,000	-
Compensated absences	88,378	102,653	191,031	-
Due in more than one year				
Long-term debt	1,453,000	4,997,000	6,450,000	-
Compensated absences	18,001	25,424	43,425	-
Net pension liability	<u>88,721</u>	<u>698,323</u>	<u>787,044</u>	<u>-</u>
Total liabilities	<u>2,015,972</u>	<u>6,909,663</u>	<u>8,925,635</u>	<u>496</u>
Deferred inflows of resources:				
Related to pension	<u>54,298</u>	<u>176,475</u>	<u>230,773</u>	<u>-</u>
Net position:				
Net investment in capital assets	9,454,636	22,300,549	31,755,185	-
Restricted for:				
Debt service	-	614,158	614,158	-
Library operations	779,473	-	779,473	-
Nonexpendable cemetery principal	189,995	-	189,995	-
Replacement/improvements	-	5,061,430	5,061,430	-
Streets	1,447,032	-	1,447,032	-
Water supply replacement	-	2,002,104	2,002,104	-
Unrestricted	<u>2,344,992</u>	<u>2,434,079</u>	<u>4,779,071</u>	<u>143,247</u>
Total net position	<u>\$ 14,216,128</u>	<u>\$ 32,412,320</u>	<u>\$ 46,628,448</u>	<u>\$ 143,247</u>

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

CITY OF ST. LOUIS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

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	\$ 554,776	\$ 568,175	\$ 12,529	\$ -	\$ 25,928
Public safety	1,053,179	121,893	123,813	-	(807,473)
Public works	1,307,412	509,706	768,386	72,836	43,516
Community and economic development	121,381	-	3,580	-	(117,801)
Recreation and culture	359,721	66,913	218,326	-	(74,482)
Interest on long-term debt	51,689	-	-	-	(51,689)
Total governmental activities	<u>3,448,158</u>	<u>1,266,687</u>	<u>1,126,634</u>	<u>72,836</u>	<u>(982,001)</u>
<i>Business-type activities:</i>					
Electric	4,548,916	5,227,082	-	-	678,166
Sewer	1,476,640	1,635,768	-	-	159,128
Water	1,630,209	1,771,821	-	324,702	466,314
Solid Waste	383,020	407,838	-	-	24,818
Total business-type activities	<u>8,038,785</u>	<u>9,042,509</u>	<u>-</u>	<u>324,702</u>	<u>1,328,426</u>
Total primary government	<u>\$ 11,486,943</u>	<u>\$ 10,309,196</u>	<u>\$ 1,126,634</u>	<u>\$ 397,538</u>	<u>\$ 346,425</u>
COMPONENT UNIT:					
Downtown Development Authority	<u>\$ 12,922</u>	<u>\$ 6,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,582)</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, 2021

	<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	\$ (982,001)	\$ 1,328,426	\$ 346,425	\$ (6,582)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	753,591	-	753,591	-
Property taxes, captured by component unit	-	-	-	30,239
Payment in lieu of taxes	6,328	-	6,328	-
Franchise fees	26,899	-	26,899	-
Grants and contributions not restricted to specific programs	644,486	-	644,486	-
Unrestricted investment earnings	9,204	12,777	21,981	50
Other	59,129	23,661	82,790	-
Contributions to principal of permanent funds	3,500	-	3,500	-
Special items:				
Sale of capital assets	6,062	-	6,062	-
Transfer of capital assets to joint authority	-	(4,288,291)	(4,288,291)	-
Transfers	209,517	(209,517)	-	-
Total general revenues, contributions, special items and transfers	1,718,716	(4,461,370)	(2,742,654)	30,289
Change in net position	736,715	(3,132,944)	(2,396,229)	23,707
Net position, beginning of year	13,479,413	35,545,264	49,024,677	119,540
Net position, end of year	\$ 14,216,128	\$ 32,412,320	\$ 46,628,448	\$ 143,247

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

CITY OF ST. LOUIS

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2021

	<i>General Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 586,215	\$ 3,395,102	\$ 3,981,317
Investments	729,942	-	729,942
Taxes receivable	5,564	-	5,564
Accounts receivable	25,536	438	25,974
Accrued interest receivable	-	1,038	1,038
Due from other governments	134,104	133,210	267,314
Prepaid expenditures	56,361	-	56,361
	<u>56,361</u>	<u>-</u>	<u>56,361</u>
Total assets	<u>\$ 1,537,722</u>	<u>\$ 3,529,788</u>	<u>\$ 5,067,510</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 59,819	\$ 162,261	\$ 222,080
Due to other governments	4,556	-	4,556
Deposits payable	-	15,000	15,000
Accrued wages payable	63,753	13,001	76,754
	<u>63,753</u>	<u>13,001</u>	<u>76,754</u>
Total liabilities	<u>128,128</u>	<u>190,262</u>	<u>318,390</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	56,361	-	56,361
Nonexpendable cemetery principal	-	189,995	189,995
Restricted for:			
Library operations	-	779,473	779,473
Streets	-	1,447,032	1,447,032
Committed to:			
Capital improvements	-	868,451	868,451
Cemetery operations	-	54,575	54,575
Assigned to:			
Cemetery improvements	36,530	-	36,530
Capital improvements	275,000	-	275,000
Future pension contribution	120,000	-	120,000
Public safety	25,484	-	25,484
Unassigned	896,219	-	896,219
	<u>896,219</u>	<u>-</u>	<u>896,219</u>
Total fund balances	<u>1,409,594</u>	<u>3,339,526</u>	<u>4,749,120</u>
Total liabilities and fund balances	<u>\$ 1,537,722</u>	<u>\$ 3,529,788</u>	<u>\$ 5,067,510</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, 2021

Fund balances of governmental funds	\$ 4,749,120
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	2,523,701
Capital assets being depreciated, net	8,406,935
Capital assets accounted for in the internal service fund	(1,365,216)
Certain pension amounts, such as net pension liability 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.	
Deferred outflows related to net pension liability	48,213
Net pension liability	(88,721)
Deferred inflows related to net pension liability	(54,298)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(17,220)
Long-term debt	(1,476,000)
Compensated absences payable	(106,379)
Compensated absences payable accounted for in the internal service fund	2,787
A portion of the net position (including capital assets of \$1,365,216) and liabilities of the internal service fund are included in the governmental activities in the statement of net position (net of \$333,076 allocation to business-type activities).	<u>1,593,206</u>
Net position of governmental activities	<u><u>\$ 14,216,128</u></u>

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

CITY OF ST. LOUIS

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

Year Ended June 30, 2021

	<i>General Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Revenues:			
Property taxes	\$ 759,919	\$ -	\$ 759,919
Special assessments	102,731	-	102,731
Licenses and permits	41,820	-	41,820
Federal grants	111,362	73,696	185,058
State grants	661,245	779,506	1,440,751
Contributions from other units	23,508	186,687	210,195
Charges for services	575,826	14,913	590,739
Fines and forfeits	1,268	65,626	66,894
Interest and rents	1,957	7,297	9,254
Other revenue	75,552	18,139	93,691
Total revenues	<u>2,355,188</u>	<u>1,145,864</u>	<u>3,501,052</u>
Expenditures:			
Current			
General government	437,804	-	437,804
Public safety	1,048,336	-	1,048,336
Public works	287,259	717,721	1,004,980
Community and economic development	122,647	-	122,647
Recreation and culture	102,895	187,244	290,139
Other	46,024	-	46,024
Capital outlay	18,601	371,589	390,190
Debt service			
Principal	22,000	-	22,000
Interest and fees	51,896	-	51,896
Total expenditures	<u>2,137,462</u>	<u>1,276,554</u>	<u>3,414,016</u>
Excess (deficiency) of revenues over expenditures	<u>217,726</u>	<u>(130,690)</u>	<u>87,036</u>
Other financing sources (uses):			
Interfund transfers in	-	345,715	345,715
Interfund transfers out	-	(136,198)	(136,198)
Net other financing sources (uses)	<u>-</u>	<u>209,517</u>	<u>209,517</u>
Changes in fund balances	217,726	78,827	296,553
Fund balances, beginning of year	<u>1,191,868</u>	<u>3,260,699</u>	<u>4,452,567</u>
Fund balances, end of year	<u>\$ 1,409,594</u>	<u>\$ 3,339,526</u>	<u>\$ 4,749,120</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, 2021

Changes in fund balances of governmental funds \$ 296,553

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	968,827
Purchases/Acquisitions of capital assets accounted for in the internal service fund	(198,355)
Depreciation expense	(686,714)
Depreciation expense accounted for in the internal service fund	228,164

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

Change in long-term debt	22,000
Change in compensated absences payable	768
Change in accrued interest on bonds	207
Change in net pension liability and related deferred outflows of resources and deferred inflows of resources	70,773

Certain changes in net position of the internal service fund are reported with governmental activities in the statement of activities (net of \$31,551 allocation to business-type activities). 34,492

Change in net position of governmental activities \$ 736,715

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

CITY OF ST. LOUIS

PROPRIETARY FUNDS STATEMENT OF NET POSITION

June 30, 2021

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,190,785	\$ 292,919	\$ 634,272	\$ 120,278	\$ 2,238,254	\$ 536,244
Investments	-	133,315	-	-	133,315	-
Utility bills receivable	809,568	180,258	205,901	39,909	1,235,636	-
Accounts receivable	7,271	10,354	1,598	639	19,862	-
Accrued interest receivable	-	312	161	-	473	-
Due from other governments	-	-	311,575	-	311,575	-
Inventory	197,564	32,859	25,408	15,985	271,816	36,871
Total current assets	2,205,188	650,017	1,178,915	176,811	4,210,931	573,115
Noncurrent assets:						
Restricted cash and cash equivalents	2,620,292	413,928	103,845	-	3,138,065	-
Restricted investments	1,173,167	631,596	2,524,083	-	4,328,846	-
Capital assets:						
Not being depreciated	287,772	604,880	1,283,426	-	2,176,078	-
Being depreciated, net	5,551,899	9,844,406	9,701,836	-	25,098,141	1,365,216
Total noncurrent assets	9,633,130	11,494,810	13,613,190	-	34,741,130	1,365,216
Total assets	11,838,318	12,144,827	14,792,105	176,811	38,952,061	1,938,331
Deferred outflows of resources:						
Related to pension	69,224	56,765	73,372	13,960	213,321	-
Liabilities:						
Current liabilities:						
Accounts payable	95,115	302,632	171,568	14,758	584,073	7,859
Due to other governments	1,783	-	-	-	1,783	-
Accrued interest payable	3,460	18,875	2,593	-	24,928	-
Deposits payable	28,816	-	9,379	-	38,195	-
Accrued wages payable	33,804	18,193	14,396	2,891	69,284	1,403
Compensated absences payable - current	59,769	17,884	20,148	4,852	102,653	2,408
Bonds payable - current	60,000	255,000	53,000	-	368,000	-
Total current liabilities	282,747	612,584	271,084	22,501	1,188,916	11,670

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, 2021

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Noncurrent liabilities:						
Compensated absences payable	16,028	4,756	3,813	827	25,424	379
Bonds payable	630,000	3,520,000	847,000	-	4,997,000	-
Net pension liability	191,947	190,436	248,795	67,145	698,323	-
Total noncurrent liabilities	837,975	3,715,192	1,099,608	67,972	5,720,747	379
Total liabilities	1,120,722	4,327,776	1,370,692	90,473	6,909,663	12,049
Deferred inflows of resources:						
Related to pension	70,856	43,488	58,233	3,898	176,475	-
Net position:						
Net investment in capital assets	5,149,671	6,674,286	10,476,592	-	22,300,549	1,365,216
Restricted for:						
Debt service	152,730	413,928	47,500	-	614,158	-
Replacement/improvements	3,640,729	631,596	789,105	-	5,061,430	-
Water supply replacement	-	-	2,002,104	-	2,002,104	-
Unrestricted	1,772,834	110,518	121,251	96,400	2,101,003	561,066
Total net position	<u>\$ 10,715,964</u>	<u>\$ 7,830,328</u>	<u>\$ 13,436,552</u>	<u>\$ 96,400</u>	32,079,244	<u>\$ 1,926,282</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					333,076	
Net position of business-type activities					<u>\$ 32,412,320</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, 2021

	<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>	
Operating revenues:						
Charges for services						
Sales	\$ 5,168,808	\$ 1,557,857	\$ 1,710,890	\$ 396,608	\$ 8,834,163	\$ -
Other	21,841	74,705	6,280	9,349	112,175	5,700
Penalties	33,060	3,206	2,815	1,881	40,962	-
Equipment rental	-	-	-	-	-	462,090
Total operating revenues	<u>5,223,709</u>	<u>1,635,768</u>	<u>1,719,985</u>	<u>407,838</u>	<u>8,987,300</u>	<u>467,790</u>
Operating expenses:						
Personnel	815,365	417,233	237,960	98,399	1,568,957	55,125
Contracted services	89,189	125,530	74,886	183,889	473,494	3,832
Purchased water	-	-	705,727	-	705,727	-
Administrative expense	327,367	82,725	101,477	23,183	534,752	-
Purchased energy	2,621,544	-	-	-	2,621,544	-
Other services and charges	423,851	379,351	120,586	88,264	1,012,052	121,140
Depreciation	261,821	397,909	377,176	-	1,036,906	228,164
Total operating expenses	<u>4,539,137</u>	<u>1,402,748</u>	<u>1,617,812</u>	<u>393,735</u>	<u>7,953,432</u>	<u>408,261</u>
Operating income (loss)	<u>684,572</u>	<u>233,020</u>	<u>102,173</u>	<u>14,103</u>	<u>1,033,868</u>	<u>59,529</u>
Non-operating revenues (expenses):						
Interest income	4,285	4,020	4,357	115	12,777	452
Reimbursements	14,671	-	-	-	14,671	-
Rental income	3,373	-	51,836	-	55,209	-
Other income	-	-	8,990	-	8,990	-
Sale of capital assets	-	-	-	-	-	6,062
Interest expense	(21,090)	(79,250)	(16,564)	-	(116,904)	-
Net non-operating revenues (expenses)	<u>1,239</u>	<u>(75,230)</u>	<u>48,619</u>	<u>115</u>	<u>(25,257)</u>	<u>6,514</u>
Change in net position before capital contributions and transfers	685,811	157,790	150,792	14,218	1,008,611	66,043

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, 2021

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<u><i>Nonmajor Solid Waste Fund</i></u>	<i>Total</i>	
Capital contributions and transfers:						
Capital contribution - Federal grant	-	-	324,702	-	324,702	-
Interfund transfers out	(121,595)	(37,284)	(41,119)	(9,519)	(209,517)	-
Transfer of capital assets to joint water authority	-	-	(4,288,291)	-	(4,288,291)	-
Net capital contributions and transfers	<u>(121,595)</u>	<u>(37,284)</u>	<u>(4,004,708)</u>	<u>(9,519)</u>	<u>(4,173,106)</u>	<u>-</u>
Change in net position	564,216	120,506	(3,853,916)	4,699	(3,164,495)	66,043
Net position, beginning of year, restated	<u>10,151,748</u>	<u>7,709,822</u>	<u>17,290,468</u>	<u>91,701</u>		<u>1,860,239</u>
Net position, end of year	<u>\$ 10,715,964</u>	<u>\$ 7,830,328</u>	<u>\$ 13,436,552</u>	<u>\$ 96,400</u>		<u>\$ 1,926,282</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>31,551</u>	
Change in net position of business-type activities					<u>\$ (3,132,944)</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, 2021

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Cash flows from operating activities:						
Cash received from customers	\$ 5,076,519	\$ 1,608,528	\$ 1,732,874	\$ 408,875	\$ 8,826,796	\$ 5,700
Cash received (payments) for interfund services	(89,351)	(40,647)	(33,813)	(83,383)	(247,194)	462,090
Cash payments to and on behalf of employees	(897,487)	(478,397)	(322,762)	(110,283)	(1,808,929)	(56,156)
Cash payments for goods, services and other	<u>(3,412,863)</u>	<u>(553,904)</u>	<u>(981,595)</u>	<u>(209,551)</u>	<u>(5,157,913)</u>	<u>(132,879)</u>
Net cash provided (used) by operating activities	<u>676,818</u>	<u>535,580</u>	<u>394,704</u>	<u>5,658</u>	<u>1,612,760</u>	<u>278,755</u>
Cash flows from non-capital financing activities:						
Reimbursements	14,671	-	-	-	14,671	-
Other income	-	-	8,990	-	8,990	-
Interfund transfers in (out)	<u>(121,595)</u>	<u>(37,284)</u>	<u>(41,119)</u>	<u>(9,519)</u>	<u>(209,517)</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>(106,924)</u>	<u>(37,284)</u>	<u>(32,129)</u>	<u>(9,519)</u>	<u>(185,856)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	395,034	-	395,034	-
Acquisition of capital assets	(137,726)	(999,475)	(602,262)	-	(1,739,463)	(256,874)
Proceeds from sale of capital assets	-	-	-	-	-	119,750
Principal payments on debt	(55,000)	(250,000)	(50,000)	-	(355,000)	(11,362)
Interest paid	<u>(21,255)</u>	<u>(80,500)</u>	<u>(16,874)</u>	<u>-</u>	<u>(118,629)</u>	<u>(9)</u>
Net cash provided (used) by capital and related financing activities	<u>(213,981)</u>	<u>(1,329,975)</u>	<u>(274,102)</u>	<u>-</u>	<u>(1,818,058)</u>	<u>(148,495)</u>
Cash flows from investing activities:						
Interest received	4,285	4,017	4,348	115	12,765	452
Rent received	<u>3,373</u>	<u>-</u>	<u>51,836</u>	<u>-</u>	<u>55,209</u>	<u>-</u>
Net cash provided by investing activities	<u>7,658</u>	<u>4,017</u>	<u>56,184</u>	<u>115</u>	<u>67,974</u>	<u>452</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, 2021

	<i>Enterprise Funds</i>					<i>Internal Service Fund</i>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor Solid Waste Fund</i>	<i>Total</i>	
Net increase (decrease) in cash, cash equivalents and investments	363,571	(827,662)	144,657	(3,746)	(323,180)	130,712
Cash, cash equivalents and investments, beginning of year	<u>4,620,673</u>	<u>2,299,420</u>	<u>3,117,543</u>	<u>124,024</u>	<u>10,161,660</u>	<u>405,532</u>
Cash, cash equivalents and investments, end of year	<u>\$ 4,984,244</u>	<u>\$ 1,471,758</u>	<u>\$ 3,262,200</u>	<u>\$ 120,278</u>	<u>\$ 9,838,480</u>	<u>\$ 536,244</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 684,572	\$ 233,020	\$ 102,173	\$ 14,103	\$ 1,033,868	\$ 59,529
Adjustments:						
Depreciation	261,821	397,909	377,176	-	1,036,906	228,164
Change in assets and liabilities:						
Utility bills receivable	(144,790)	(21,318)	14,354	1,676	(150,078)	-
Accounts receivable	(2,400)	(5,922)	(1,465)	(639)	(10,426)	-
Inventory	(31,713)	(1,351)	630	1,003	(31,431)	(12,647)
Accounts payable	(9,941)	(5,594)	(12,989)	1,399	(27,125)	4,740
Due to other governments	1,783	-	-	-	1,783	-
Deposits payable	(392)	-	(373)	-	(765)	-
Accrued wages payable	6,254	691	2,625	1,261	10,831	(891)
Compensated absences	(1,517)	2,485	(568)	(277)	123	(140)
Net pension liability and related deferred outflows and inflows of resources	<u>(86,859)</u>	<u>(64,340)</u>	<u>(86,859)</u>	<u>(12,868)</u>	<u>(250,926)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 676,818</u>	<u>\$ 535,580</u>	<u>\$ 394,704</u>	<u>\$ 5,658</u>	<u>\$ 1,612,760</u>	<u>\$ 278,755</u>

Noncash capital activities:

Capital assets of \$4,288,291 were transferred to the joint venture, the Gratiot Area Water Authority.

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

CITY OF ST. LOUIS

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2021

	<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	\$ -	\$ 1,967	\$ -	\$ 14,058	\$ 16,025
Accounts receivable	-	-	3,954	-	3,954
Total assets	-	1,967	3,954	14,058	19,979
Liabilities:					
Accounts payable	-	241	-	-	241
Due to other governments	-	-	3,954	-	3,954
Total liabilities	-	241	3,954	-	4,195
Net position:					
Held for other organizations	\$ -	\$ 1,726	\$ -	\$ 14,058	\$ 15,784

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, 2021

	<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:					
Investment earnings:					
Interest	\$ -	\$ -	\$ -	\$ 7	\$ 7
Property taxes collected for other governments	1,791,580	-	-	-	1,791,580
Utility billings collected for other governments	-	-	29,499	-	29,499
Total additions	<u>1,791,580</u>	<u>-</u>	<u>29,499</u>	<u>7</u>	<u>1,821,086</u>
Deductions:					
Payments on behalf of organizations	-	861	-	20	881
Property taxes paid to other governments	1,791,580	-	-	-	1,791,580
Utility billings paid to other governments	-	-	29,499	-	29,499
Total deductions	<u>1,791,580</u>	<u>861</u>	<u>29,499</u>	<u>20</u>	<u>1,821,960</u>
Net increase (decrease)	-	(861)	-	(13)	(874)
Net position, beginning of year	<u>-</u>	<u>2,587</u>	<u>-</u>	<u>14,071</u>	<u>16,658</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ 14,058</u>	<u>\$ 15,784</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, 2021

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, 2021 was \$4,215. Complete financial statements for the Housing Commission’s June 30, 2021 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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Joint Ventures:

Mid-Michigan Community Fire Board District – The Mid-Michigan Community Fire Board District (the “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 by the Fire Board District. The City’s operating contribution for the year ended June 30, 2021, was \$113,080. 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 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, 2021, this amounted to \$17,933. 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. It is reported as a proprietary fund in the City of Alma’s financial statements. 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 2020 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, 2021

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 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, 2021

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 fund as a "major" governmental fund:

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.

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:

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Enterprise Fund – Sewer Fund accounts for the sewage disposal/treatment system.

Enterprise Fund – Water Fund accounts for the 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 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.

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:

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

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

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).

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 2020 taxable valuation of the City totaled \$55,575,197 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 13.1376 mills for the City's operating purposes and 2 mills for public safety. The 2 mills levied for public safety are on the real property taxable value of \$50,363,811.

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.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 incurred expenditures in excess of the amounts budgeted in the Economic and community development activity by \$553.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

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, 2020	\$	-
Current year building permit revenue		14,921
Related expenses:		
Direct costs		<u>99,340</u>
Cumulative surplus at June 30, 2021	\$	<u><u>-</u></u>

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, 2021:

Statement of Net Position:

Cash and cash equivalents (including restricted):

Primary Government	\$	9,893,880
Component Unit		58,743

Investments (including restricted):

Primary Government		5,192,103
--------------------	--	-----------

Statement of Fiduciary Assets and Liabilities:

Cash and cash equivalents:

Custodial Fund		<u>16,025</u>
----------------	--	---------------

Total	\$	<u><u>15,160,751</u></u>
-------	----	--------------------------

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Deposits and Investments:

Bank deposits	\$ 9,968,355
Investments:	
Pooled investments - Michigan CLASS	5,192,103
Cash on hand	<u>293</u>
Total	<u>\$ 15,160,751</u>

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 \$8,812,854 of bank deposits (certificates of deposit, checking and cash) of which \$7,826,907 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:

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>
Pooled investments	\$ 5,192,103	\$ 5,192,103	\$ -	\$ -

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	\$ 5,192,103	AAAm	S&P

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. At year end, none of the City’s investments were subject to custodial credit risk due to one of the following: 1) Investments were part of an insured pool; 2) Investments were book-entry only in the name of the City and were fully insured; 3) Investments were part of a mutual fund; or 4) Investments were held by an agent in the City’s name.

NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The City has the following recurring fair value measurement as of June 30, 2021:

<i>Investment Type</i>	<i>Market Value</i>	<i>Level 1 Inputs</i>	<i>Level 2 Inputs</i>	<i>Level 3 Inputs</i>
Pooled investments	\$ 5,192,103	\$ -	\$ 5,192,103	\$ -

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	\$ 34,038	\$ 413,928	\$ 47,500	\$ 495,466
Replacement/Improvements	2,586,254	-	56,345	2,642,599
Restricted investments:				
Debt service	118,692	-	-	118,692
Replacement/Improvements	1,054,475	631,596	2,524,083	4,210,154
	<u>\$ 3,793,459</u>	<u>\$ 1,045,524</u>	<u>\$ 2,627,928</u>	<u>\$ 7,466,911</u>

In accordance with the City Charter, a reserve fund shall be created and maintained for each utility to provide for the replacement of old utility plant equipment and the purchase of additional utility plant equipment. A fund balance equal to 10% of the replacement cost of utility plant equipment shall be maintained for each utility. At June 30, 2021, the City’s Sewer Fund and Water were not in compliance with the City Charter requirements because funds were not adequate.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: CAPITAL ASSETS, CONTINUED

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,329,569	\$ -	\$ -	\$ 2,329,569
Construction in progress	454,497	382,201	(642,566)	194,132
Capital assets not being depreciated	<u>2,784,066</u>	<u>382,201</u>	<u>(642,566)</u>	<u>2,523,701</u>
Capital assets being depreciated:				
Buildings and improvements	4,929,975	7,990	-	4,937,965
Equipment and vehicles	3,842,929	198,355	(172,077)	3,869,207
Infrastructure - storm sewer	2,701,677	-	-	2,701,677
Infrastructure - streets	23,223,828	1,022,847	(137,669)	24,109,006
Infrastructure - sidewalks	1,105,188	-	-	1,105,188
Capital assets being depreciated	<u>35,803,597</u>	<u>1,229,192</u>	<u>(309,746)</u>	<u>36,723,043</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,373,507)	(151,099)	-	(1,524,606)
Equipment and vehicles	(2,211,715)	(280,212)	58,389	(2,433,538)
Infrastructure - storm sewer	(2,623,737)	(3,675)	-	(2,627,412)
Infrastructure - streets	(20,693,004)	(240,605)	137,669	(20,795,940)
Infrastructure - sidewalks	(923,489)	(11,123)	-	(934,612)
Accumulated depreciation	<u>(27,825,452)</u>	<u>(686,714)</u>	<u>196,058</u>	<u>(28,316,108)</u>
Capital assets being depreciated, net	<u>7,978,145</u>	<u>542,478</u>	<u>(113,688)</u>	<u>8,406,935</u>
Governmental activities, capital assets, net	<u>\$ 10,762,211</u>	<u>\$ 924,679</u>	<u>\$ (756,254)</u>	<u>\$ 10,930,636</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 981,872	\$ -	\$ -	\$ 981,872
Construction in progress	5,522,716	1,714,327	(6,042,837)	1,194,206
Capital assets not being depreciated	<u>6,504,588</u>	<u>1,714,327</u>	<u>(6,042,837)</u>	<u>2,176,078</u>
Capital assets being depreciated:				
Buildings and improvements	1,164,976	-	-	1,164,976
Equipment	424,115	126,815	-	550,930
Electric system	12,711,521	23,375	-	12,734,896
Sewer system	17,947,604	743,410	-	18,691,014
Water system	17,066,275	884,320	-	17,950,595
Capital assets being depreciated	<u>49,314,491</u>	<u>1,777,920</u>	<u>-</u>	<u>51,092,411</u>

continued

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: CAPITAL ASSETS, CONTINUED

	<i>July 1, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30, 2021</i>
Less accumulated depreciation for:				
Buildings and improvements	(962,842)	(19,028)	-	(981,870)
Equipment	(327,648)	(26,813)	-	(354,461)
Electric system	(7,331,444)	(219,803)	-	(7,551,247)
Sewer system	(8,454,282)	(397,909)	-	(8,852,191)
Water system	(7,881,148)	(373,353)	-	(8,254,501)
Accumulated depreciation	(24,957,364)	(1,036,906)	-	(25,994,270)
Capital assets being depreciated, net	24,357,127	741,014	-	25,098,141
Business-type activities capital assets, net	<u>\$ 30,861,715</u>	<u>\$ 2,455,341</u>	<u>\$ (6,042,837)</u>	<u>\$ 27,274,219</u>

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
General government	\$ 87,260	\$ -
Public safety	38,998	-
Public works	261,931	-
Recreation and culture	70,361	-
Electric	-	261,821
Sewer	-	397,909
Water	-	377,176
Internal Service Fund	228,164	-
	<u>\$ 686,714</u>	<u>\$ 1,036,906</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, 2021 is summarized as follows:

	<i>July 1, 2020</i>	<i>Additions</i>	<i>(Reductions)</i>	<i>June 30, 2021</i>	<i>Due Within One Year</i>
Governmental activities:					
<i>Direct placements:</i>					
2014 Capital Improvement Bond	\$ 1,498,000	\$ -	\$ (22,000)	\$ 1,476,000	\$ 23,000
<i>Direct borrowings:</i>					
2015 Equipment loan	11,362	-	(11,362)	-	-
<i>Other liabilities:</i>					
Net pension liability	210,643	-	(121,922)	88,721	-
Compensated absences payable	107,286	93,219	(94,126)	106,379	88,378
Total governmental activities	<u>\$ 1,827,291</u>	<u>\$ 93,219</u>	<u>\$ (249,410)</u>	<u>\$ 1,671,100</u>	<u>\$ 111,378</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

	<u>July 1,</u> <u>2020</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30,</u> <u>2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-type Activities:					
<i>Direct placements:</i>					
2013 Water Supply and Sewage					
Disposal Revenue Bond	\$ 4,025,000	\$ -	\$ (250,000)	\$ 3,775,000	\$ 255,000
2015 Electric Revenue Bonds	745,000	-	(55,000)	690,000	60,000
2020 Water Supply and Sewage					
Disposal System Revenue Bond	950,000	-	(50,000)	900,000	53,000
<i>Other liabilities:</i>					
Net pension liability	1,130,593	-	(432,270)	698,323	-
Compensated absences payable	127,954	93,772	(93,649)	128,077	102,653
Total business-type activities	<u>\$ 6,978,547</u>	<u>\$ 93,772</u>	<u>\$ (880,919)</u>	<u>\$ 6,191,400</u>	<u>\$ 470,653</u>

Debt issues outstanding for the Village as of June 30, 2021 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>Direct placements:</i>				
2014 Capital Improvement Bond	2055	\$ 1,600,000	3.50%	\$ 1,476,000
<i>Direct borrowings:</i>				
2015 Equipment loan	2020	216,294	1.98%	-
Business-type Activities:				
<i>Direct placements:</i>				
2013 Water Supply and Sewage				
Disposal Revenue Bond	2034	5,445,000	2.00%	3,775,000
2015 Electric Revenue Bonds	2031	950,000	2.00-3.55%	690,000
2020 Water Supply and Sewage				
Disposal System Revenue Bond	2035	950,000	1.55-1.87%	900,000

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: LONG-TERM LIABILITIES, CONTINUED

Annual debt service requirements to maturity for the direct placements for the year ended June 30, 2021 are as follows:

<i>Fiscal</i> <i>Year Ended</i> <i>June 30,</i>	<i>Governmental Activities</i>			<i>Business-type Activities</i>		
	<i>Direct Placements</i>			<i>Direct Placements</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 23,000	\$ 51,258	\$ 74,258	\$ 368,000	\$ 111,216	\$ 479,216
2023	24,000	50,436	74,436	374,000	104,019	478,019
2024	25,000	49,578	74,578	391,000	96,474	487,474
2025	26,000	48,685	74,685	397,000	88,478	485,478
2026	27,000	47,758	74,758	404,000	80,179	484,179
2027-2031	150,000	223,653	373,653	2,175,000	264,022	2,439,022
2032-2036	176,000	195,198	371,198	1,256,000	52,538	1,308,538
2037-2041	209,000	161,614	370,614	-	-	-
2042-2046	247,000	121,784	368,784	-	-	-
2047-2051	295,000	74,465	369,465	-	-	-
2052-2055	274,000	19,601	293,601	-	-	-
	<u>\$ 1,476,000</u>	<u>\$ 1,044,030</u>	<u>\$ 2,520,030</u>	<u>\$ 5,365,000</u>	<u>\$ 796,926</u>	<u>\$ 6,161,926</u>

NOTE 8: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires or allows to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers during the current fiscal year were as follows:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	
Major Street Fund	Local Street Fund	\$ 136,198
Electric Fund	Nonmajor Governmental Fund	
	Public Improvement Fund	121,595
Sewer Fund	Nonmajor Governmental Fund	
	Public Improvement Fund	37,284
Water Fund	Nonmajor Governmental Fund	
	Public Improvement Fund	41,119
Solid Waste Fund	Nonmajor Governmental Fund	
	Public Improvement Fund	9,519
		<u>\$ 345,715</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$ 5,564	\$ -	\$ 5,564	\$ -
Utility bills	-	1,235,636	1,235,636	-
Accounts	25,974	19,862	45,836	-
Accrued interest	1,038	473	1,511	-
Intergovernmental	267,314	311,575	578,889	-
Total receivables	<u>\$ 299,890</u>	<u>\$ 1,567,546</u>	<u>\$ 1,867,436</u>	<u>\$ -</u>
Accounts payable and accrued expenses:				
Accounts	\$ 229,939	\$ 584,073	\$ 814,012	\$ 496
Payroll liabilities	78,157	69,284	147,441	-
Deposits payable	15,000	38,195	53,195	-
Accrued interest	17,220	24,928	42,148	-
Intergovernmental	4,556	1,783	6,339	-
Total accounts payable and accrued expenses	<u>\$ 344,872</u>	<u>\$ 718,263</u>	<u>\$ 1,063,135</u>	<u>\$ 496</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, 2021

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, 2020 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, 2021

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Employees covered by benefit terms – At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits (including refunds)	4
Active employees	<u>4</u>
Total	<u><u>37</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 (phase-in), for the current year, were \$169,536 for General NonUnion, \$40,152 Police & Fire, \$19,164 City Manager, and \$229,524 Electric Union. These amounts are equal to the actuarially determined contribution based on the valuation payroll from the December 31, 2018 actuarial valuation.

Net Pension Liability – The City’s net pension liability reported at June 30, 2021 was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.5%; Salary Increases: 3.00% in the long-term; Investment rate of return: 7.35%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the RP-2014 Healthy Annuitant Tables with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables, all with a 50% male and 50% female blend.

A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions.

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.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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%	7.75%	4.65%	2.5%	3.15%
Global Fixed Income	20.0%	3.75%	0.75%	2.5%	0.25%
Private Investments	20.0%	9.75%	1.95%	2.5%	1.45%
Total	100.0%		7.35%		4.85%

Discount rate – The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City.

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

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/19	\$ 7,709,748	\$ 6,368,512	\$ 1,341,236
Service cost	28,733	-	28,733
Interest on total pension liability	563,762	-	563,762
Difference between expected and actual experience	(36,769)	-	(36,769)
Changes in assumptions	205,704	-	205,704
Employer contributions	-	502,854	(502,854)
Employee contributions	-	10,986	(10,986)
Net investment income (loss)	-	814,598	(814,598)
Benefit payments, including employee refunds	(612,390)	(612,390)	-
Administrative expenses	-	(12,816)	12,816
Net changes	149,040	703,232	(554,192)
Balances at 12/31/20	<u>\$ 7,858,788</u>	<u>\$ 7,071,744</u>	<u>\$ 787,044</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 88,721
Business-type activities	<u>698,323</u>
	<u>\$ 787,044</u>

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.6%, as well as what the City’s net pension liability would be using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	<u>1% Decrease Rate 6.6%</u>	<u>Current Rate 7.6%</u>	<u>1% Increase Rate 8.6%</u>
Net pension liability	\$ -	\$ 787,044	\$ -
Change in net pension liability as of 12/31/20	715,862	-	(619,132)
	<u>\$ 1,502,906</u>	<u>\$ 787,044</u>	<u>\$ 167,912</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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2021; the City recognized pension expense, on the defined benefit plan, of \$201,369. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 230,773
Contributions subsequent to the measurement date	261,534	-
	<u>\$ 261,534</u>	<u>\$ 230,773</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 48,213	\$ 54,298
Business-type activities	213,321	176,475
	<u>\$ 261,534</u>	<u>\$ 230,773</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 (\$261,534), which will impact the net pension liability in fiscal year 2022, rather than pension expense.

<u>Year Ended</u>	<u>Amount</u>
2022	\$ (45,789)
2023	13,582
2024	(131,601)
2025	(66,965)

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 11: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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.

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 \$139,299 for the year ended June 30, 2021. Employee contributions for the plan were \$51,843 for the year ended June 30, 2021. Plan provisions and contribution requirements are established and may be amended by the City Council.

NOTE 12: CONSTRUCTION COMMITMENTS

The City has construction contracts for projects in process within the City. As of June 30, 2021, the City had outstanding work to be completed on construction contracts as shown below:

West State Street reconstruction	\$ 441,703
Michigan Avenue pump station	<u>500,839</u>
	<u>\$ 942,542</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%.

CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 13: TAX ABATEMENTS, CONTINUED

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, 2021, there was \$13,291 of property tax revenue abated under this program.

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, 2021 there was \$1,300 of property tax revenue abated under this program.

NOTE 14: RESTATEMENT OF BEGINNING NET POSITION

The City previously reported the Water and Sewer Fund as one fund. During the year, the City separated the segments into two separate funds as follows:

	<i>Fund Statements</i>		
	<i>Water and Sewer Fund</i>	<i>Water Fund</i>	<i>Sewer Fund</i>
Net position, previously stated June 30, 2020	\$ 25,000,290	\$ -	\$ -
Reclassify net position of segments to separate funds	(25,000,290)	17,260,468	7,739,822
Net position, restated June 30, 2020	<u>\$ -</u>	<u>\$ 17,260,468</u>	<u>\$ 7,739,822</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. LOUIS

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 28,733	\$ 27,449	\$ 26,371	\$ 25,952
Interest on total pension liability	563,762	575,965	593,370	592,021
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(36,769)	(2,393)	(219,932)	20,122
Changes in assumptions	205,704	230,181	-	-
Benefit payments, including employee refunds	(612,390)	(614,601)	(621,215)	(621,667)
Other changes	-	-	-	-
Net change in total pension liability	149,040	216,601	(221,406)	16,428
Total pension liability - beginning	<u>7,709,748</u>	<u>7,493,147</u>	<u>7,714,553</u>	<u>7,698,125</u>
Total pension liability - ending	<u>\$ 7,858,788</u>	<u>\$ 7,709,748</u>	<u>\$ 7,493,147</u>	<u>\$ 7,714,553</u>
Plan fiduciary net position				
Contributions - employer	\$ 502,854	\$ 456,066	\$ 432,552	\$ 370,728
Contributions - employee	10,986	10,633	10,234	12,245
Net investment income (loss)	814,598	776,959	(238,958)	742,075
Benefit payments, including employee refunds	(612,390)	(614,601)	(621,215)	(621,667)
Administrative expenses	(12,816)	(13,383)	(11,914)	(11,764)
Net change in plan fiduciary net position	703,232	615,674	(429,301)	491,617
Total plan fiduciary net position - beginning	<u>6,368,512</u>	<u>5,752,838</u>	<u>6,182,139</u>	<u>5,690,522</u>
Total plan fiduciary net position - ending	<u>\$ 7,071,744</u>	<u>\$ 6,368,512</u>	<u>\$ 5,752,838</u>	<u>\$ 6,182,139</u>
City's net pension liability	\$ 787,044	\$ 1,341,236	\$ 1,740,309	\$ 1,532,414
Plan fiduciary net position as a percentage of the total pension liability	89.99%	82.60%	76.77%	80.14%
Covered employee payroll	\$ 292,357	\$ 278,289	\$ 267,858	\$ 264,600
City's net pension liability as a percentage of covered employee payroll	269.21%	481.96%	649.71%	579.14%

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>2016</u>	<u>2015</u>	<u>2014</u>
Service cost	\$ 32,244	\$ 30,251	\$ 30,348
Interest on total pension liability	606,193	601,032	600,818
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(199,017)	(118,385)	-
Changes in assumptions	-	398,731	-
Benefit payments, including employee refunds	(605,162)	(635,752)	(621,289)
Other changes	-	2	-
Net change in total pension liability	<u>(165,742)</u>	<u>275,879</u>	<u>9,877</u>
Total pension liability - beginning	<u>7,863,867</u>	<u>7,587,988</u>	<u>7,578,111</u>
Total pension liability - ending	<u>\$ 7,698,125</u>	<u>\$ 7,863,867</u>	<u>\$ 7,587,988</u>
Plan fiduciary net position			
Contributions - employer	\$ 399,556	\$ 351,822	\$ 451,191
Contributions - employee	13,158	12,535	14,871
Net investment income (loss)	597,269	(83,639)	345,343
Benefit payments, including employee refunds	(605,162)	(635,752)	(621,289)
Administrative expenses	(11,786)	(12,249)	(12,669)
Net change in plan fiduciary net position	<u>393,035</u>	<u>(367,283)</u>	<u>177,447</u>
Total plan fiduciary net position - beginning	<u>5,297,487</u>	<u>5,664,770</u>	<u>5,487,323</u>
Total plan fiduciary net position - ending	<u>\$ 5,690,522</u>	<u>\$ 5,297,487</u>	<u>\$ 5,664,770</u>
City's net pension liability	\$ 2,007,603	\$ 2,566,380	\$ 1,923,218
Plan fiduciary net position as a percentage of the total pension liability	73.92%	67.36%	74.65%
Covered employee payroll	\$ 325,067	\$ 311,442	\$ 311,066
City's net pension liability as a percentage of covered employee payroll	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>
2012	\$ 209,579	\$ 270,779	\$ (61,200)	\$ 572,413	36.61%	47.30%
2013	229,954	389,061	(159,107)	470,555	48.87%	82.68%
2014	266,620	717,523	(450,903)	435,849	61.17%	164.63%
2015	332,885	428,885	(96,000)	311,066	107.01%	137.88%
2016	278,892	378,892	(100,000)	311,442	89.55%	121.66%
2017	320,220	320,220	-	325,067	98.51%	98.51%
2018	349,356	428,424	(79,068)	264,600	132.03%	161.91%
2019	364,800	429,492	(64,692)	267,858	136.19%	160.34%
2020	417,948	461,076	(43,128)	278,289	150.18%	165.68%
2021	458,376	523,068	(64,692)	292,357	156.79%	178.91%

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

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

CITY OF ST. LOUIS

GENERAL FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 760,003	\$ 758,210	\$ 759,919	\$ 1,709
Special assessments	104,000	105,400	102,731	(2,669)
Licenses and permits	45,150	40,390	41,820	1,430
Federal grants	55,000	111,361	111,362	1
State grants	553,979	619,726	661,245	41,519
Contributions from other units	-	23,508	23,508	-
Charges for services	649,935	571,102	575,826	4,724
Fines and forfeits	2,100	1,000	1,268	268
Interest and rents	12,444	3,249	1,957	(1,292)
Other revenue	13,150	77,017	75,552	(1,465)
	<u>2,195,761</u>	<u>2,310,963</u>	<u>2,355,188</u>	<u>44,225</u>
Expenditures:				
Current				
General government				
Legislative	21,682	15,000	13,373	1,627
Executive	30,765	30,265	29,559	706
Clerk	35,484	34,734	30,847	3,887
Board of review	2,700	1,679	1,679	-
Assessor	72,302	72,031	70,155	1,876
Finance Director/Treasurer	84,816	77,691	74,028	3,663
Elections	26,883	25,689	25,599	90
City hall	144,053	185,553	185,495	58
Corporate council	10,000	10,000	7,069	2,931
Total general government	<u>428,685</u>	<u>452,642</u>	<u>437,804</u>	<u>14,838</u>
Public safety				
Police	884,017	867,384	835,916	31,468
Fire	113,080	113,080	113,080	-
Building inspection/Code enforcement	100,264	99,369	99,340	29
Total public safety	<u>1,097,361</u>	<u>1,079,833</u>	<u>1,048,336</u>	<u>31,497</u>
Public works				
Department of public works	281,921	205,116	179,514	25,602
Cemetery	107,754	118,519	107,745	10,774
Total public works	<u>389,675</u>	<u>323,635</u>	<u>287,259</u>	<u>36,376</u>
Community and economic development				
Planning	32,450	2,000	1,798	202
Economic and community development	97,880	99,296	99,849	(553)
Industrial Park	17,942	17,942	4,422	13,520
Community promotion	23,299	21,734	16,578	5,156
Total community and economic development	<u>171,571</u>	<u>140,972</u>	<u>122,647</u>	<u>18,325</u>

continued

CITY OF ST. LOUIS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE, CONTINUED
 Year Ended June 30, 2021

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		<i>(Unfavorable)</i>
Recreation and culture				
Parks and recreation - pool	26,071	26,071	25,045	1,026
Parks maintenance	77,449	77,898	77,850	48
Total recreation and culture	<u>103,520</u>	<u>103,969</u>	<u>102,895</u>	<u>1,074</u>
Other				
Pension	43,776	46,027	46,024	3
Capital outlay				
Public safety				
Police	110,100	10,000	-	10,000
Recreation and culture				
Parks and recreation - pool	6,000	6,000	-	6,000
Parks maintenance	20,500	18,601	18,601	-
Total capital outlay	<u>136,600</u>	<u>34,601</u>	<u>18,601</u>	<u>16,000</u>
Debt service				
Principal	22,000	22,000	22,000	-
Interest and fees	52,045	52,045	51,896	149
Total debt service	<u>74,045</u>	<u>74,045</u>	<u>73,896</u>	<u>149</u>
Total expenditures	<u>2,445,233</u>	<u>2,255,724</u>	<u>2,137,462</u>	<u>118,262</u>
Change in fund balance	(249,472)	55,239	217,726	162,487
Fund balance, beginning of year	<u>1,191,868</u>	<u>1,191,868</u>	<u>1,191,868</u>	-
Fund balance, end of year	<u>\$ 942,396</u>	<u>\$ 1,247,107</u>	<u>\$ 1,409,594</u>	<u>\$ 162,487</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2021

	<u>Special Revenue Funds</u>			<i>Capital Projects Fund</i>
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>	<i>Public Improvement Fund</i>
Assets:				
Cash and cash equivalents	\$ 803,582	\$ 693,477	\$ 786,060	\$ 868,451
Accounts receivable	438	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	98,277	34,933	-	-
Total assets	<u>\$ 902,297</u>	<u>\$ 728,410</u>	<u>\$ 786,060</u>	<u>\$ 868,451</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 156,608	\$ 4,360	\$ 1,293	\$ -
Deposits payable	5,000	10,000	-	-
Accrued wages payable	5,737	1,970	5,294	-
Total liabilities	<u>167,345</u>	<u>16,330</u>	<u>6,587</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Nonexpendable cemetery principal	-	-	-	-
Restricted for:				
Library operations	-	-	779,473	-
Streets	734,952	712,080	-	-
Committed to:				
Capital improvements	-	-	-	868,451
Cemetery operations	-	-	-	-
Total fund balances	<u>734,952</u>	<u>712,080</u>	<u>779,473</u>	<u>868,451</u>
Total liabilities and fund balances	<u>\$ 902,297</u>	<u>\$ 728,410</u>	<u>\$ 786,060</u>	<u>\$ 868,451</u>

continued

CITY OF ST. LOUIS

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2021

	<u>Permanent Fund</u>		<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 243,532	\$	3,395,102	3,395,102
Accounts receivable	-		438	438
Accrued interest receivable	1,038		1,038	1,038
Due from other governments	-		133,210	133,210
	<u>-</u>		<u>133,210</u>	
Total assets	<u>\$ 244,570</u>	\$	<u>3,529,788</u>	<u>3,529,788</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$	162,261	162,261
Deposits payable	-		15,000	15,000
Accrued wages payable	-		13,001	13,001
	<u>-</u>		<u>13,001</u>	
Total liabilities	<u>-</u>		<u>190,262</u>	<u>190,262</u>
Fund balances:				
Nonspendable:				
Nonexpendable cemetery principal	189,995		189,995	189,995
Restricted for:				
Library operations	-		779,473	779,473
Streets	-		1,447,032	1,447,032
Committed to:				
Capital improvements	-		868,451	868,451
Cemetery operations	54,575		54,575	54,575
	<u>54,575</u>		<u>54,575</u>	
Total fund balances	<u>244,570</u>		<u>3,339,526</u>	<u>3,339,526</u>
Total liabilities and fund balances	<u>\$ 244,570</u>	\$	<u>3,529,788</u>	<u>3,529,788</u>

CITY OF ST. LOUIS

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

Year Ended June 30, 2021

	<u>Special Revenue Funds</u>			<i>Capital Projects Fund</i>
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>T.A.Cutler Memorial Library Fund</i>	<i>Public Improvement Fund</i>
Revenues:				
Federal grants	\$ 70,605	\$ -	\$ 3,091	\$ -
State grants	555,041	215,576	8,889	-
Contributions from other units	-	-	186,687	-
Charges for services	11,116	-	297	-
Fines and forfeits	-	-	65,626	-
Interest and rents	711	553	652	816
Other revenue	329	300	17,510	-
Total revenues	<u>637,802</u>	<u>216,429</u>	<u>282,752</u>	<u>816</u>
Expenditures:				
Current				
Public works	190,570	146,869	-	-
Recreation and culture	-	-	187,244	-
Capital outlay	<u>357,293</u>	<u>394,578</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>547,863</u>	<u>541,447</u>	<u>187,244</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>89,939</u>	<u>(325,018)</u>	<u>95,508</u>	<u>816</u>
Other financing sources (uses):				
Interfund transfers in	-	136,198	-	209,517
Interfund transfers out	<u>(136,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(136,198)</u>	<u>136,198</u>	<u>-</u>	<u>209,517</u>
Changes in fund balances	(46,259)	(188,820)	95,508	210,333
Fund balances, beginning of year	<u>781,211</u>	<u>900,900</u>	<u>683,965</u>	<u>658,118</u>
Fund balances, end of year	<u>\$ 734,952</u>	<u>\$ 712,080</u>	<u>\$ 779,473</u>	<u>\$ 868,451</u>

continued

CITY OF ST. LOUIS

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

Year Ended June 30, 2021

	<i>Permanent Fund</i>	<i>Cemetery Perpetual Care Fund</i>	<i>Total</i>
Revenues:			
Federal grants	\$ -		\$ 73,696
State grants	-		779,506
Contributions from other units	-		186,687
Charges for services	3,500		14,913
Fines and forfeits	-		65,626
Interest and rents	4,565		7,297
Other revenue	-		18,139
	8,065		1,145,864
Expenditures:			
Current			
Public works	-		337,439
Recreation and culture	-		187,244
Capital outlay	-		751,871
	-		1,276,554
Total expenditures			
Excess (deficiency) of revenues over expenditures	8,065		(130,690)
Other financing sources (uses):			
Interfund transfers in	-		345,715
Interfund transfers out	-		(136,198)
	-		209,517
Net other financing sources (uses)			
Changes in fund balances	8,065		78,827
Fund balances, beginning of year	236,505		3,260,699
Fund balances, end of year	\$ 244,570		\$ 3,339,526

CITY OF ST. LOUIS

WATER FUND COMBINING STATEMENT OF NET POSITION

June 30, 2021

	<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	\$ 634,272	\$ -	\$ -	\$ 634,272
Utility bills receivable	205,901	-	-	205,901
Accounts receivable	1,598	-	-	1,598
Accrued interest receivable	161	-	-	161
Due from other governments	-	-	311,575	311,575
Inventory	25,408	-	-	25,408
Total current assets	<u>867,340</u>	<u>-</u>	<u>311,575</u>	<u>1,178,915</u>
<i>Noncurrent assets:</i>				
Restricted cash and cash equivalents	47,500	-	56,345	103,845
Restricted investments	789,105	457,922	1,277,056	2,524,083
Capital assets not being depreciated	127,840	136,818	1,018,768	1,283,426
Capital assets being depreciated, net	1,749,615	-	7,952,221	9,701,836
Total noncurrent assets	<u>2,714,060</u>	<u>594,740</u>	<u>10,304,390</u>	<u>13,613,190</u>
Total assets	<u>3,581,400</u>	<u>594,740</u>	<u>10,615,965</u>	<u>14,792,105</u>
Deferred outflows of resources:				
Related to pension	73,372	-	-	73,372
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable	70,774	62,347	38,447	171,568
Accrued interest payable	2,593	-	-	2,593
Deposits payable	9,379	-	-	9,379
Accrued wages payable	14,396	-	-	14,396
Compensated absences payable - current	20,148	-	-	20,148
Long-term debt - current	53,000	-	-	53,000
Total current liabilities	<u>170,290</u>	<u>62,347</u>	<u>38,447</u>	<u>271,084</u>
<i>Noncurrent liabilities:</i>				
Compensated absences payable	3,813	-	-	3,813
Long-term debt - net of current	847,000	-	-	847,000
Net pension liability	248,795	-	-	248,795
Total noncurrent liabilities	<u>1,099,608</u>	<u>-</u>	<u>-</u>	<u>1,099,608</u>
Total liabilities	<u>1,269,898</u>	<u>62,347</u>	<u>38,447</u>	<u>1,370,692</u>

continued

CITY OF ST. LOUIS

WATER FUND COMBINING STATEMENT OF NET POSITION, CONTINUED

June 30, 2021

	<i>Water Operations Fund</i>	<i>Water Supply Construction Fund</i>	<i>Water Supply Replacement Fund</i>	<i>Total Water Fund</i>
Deferred inflows of resources:				
Related to pension	58,233	-	-	58,233
Net position:				
Net investment in capital assets	1,368,785	136,818	8,970,989	10,476,592
Restricted for:				
Debt service	47,500	-	-	47,500
Replacement/improvements	789,105	-	-	789,105
Water supply replacement	-	395,575	1,606,529	2,002,104
Unrestricted	121,251	-	-	121,251
Total net position	\$ 2,326,641	\$ 532,393	\$ 10,577,518	\$ 13,436,552

CITY OF ST. LOUIS

WATER FUND

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

Year Ended June 30, 2021

	<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	\$ 1,710,890	-	-	\$ 1,710,890
Other	6,280	-	-	6,280
Penalties	2,815	-	-	2,815
Total operating revenues	<u>1,719,985</u>	<u>-</u>	<u>-</u>	<u>1,719,985</u>
Operating expenses:				
Personnel	237,960	-	-	237,960
Contracted services	74,886	-	-	74,886
Purchase of water	705,727	-	-	705,727
Administrative expense	101,477	-	-	101,477
Other services and supplies	120,586	-	-	120,586
Depreciation	377,176	-	-	377,176
Total operating expenses	<u>1,617,812</u>	<u>-</u>	<u>-</u>	<u>1,617,812</u>
Operating income (loss)	<u>102,173</u>	<u>-</u>	<u>-</u>	<u>102,173</u>
Non-operating revenues (expenses):				
Interest income	1,858	885	1,614	4,357
Rental income	51,836	-	-	51,836
Other income	8,990	-	-	8,990
Interest expense	(16,564)	-	-	(16,564)
Net non-operating revenues (expenses)	<u>46,120</u>	<u>885</u>	<u>1,614</u>	<u>48,619</u>
Change in net position before capital contributions and transfers	<u>148,293</u>	<u>885</u>	<u>1,614</u>	<u>150,792</u>
Capital contributions and transfers:				
Capital contributions - Federal grant	-	-	324,702	324,702
Interfund transfers in (out)	380,734	(421,853)	-	(41,119)
Transfer of capital assets to joint authority	-	-	(4,288,291)	(4,288,291)
Total capital contributions and transfers	<u>380,734</u>	<u>(421,853)</u>	<u>(3,963,589)</u>	<u>(4,004,708)</u>
Change in net position	529,027	(420,968)	(3,961,975)	(3,853,916)
Net position, beginning of year, restated	<u>1,797,614</u>	<u>953,361</u>	<u>14,539,493</u>	<u>17,290,468</u>
Net position, end of year	<u>\$ 2,326,641</u>	<u>\$ 532,393</u>	<u>\$ 10,577,518</u>	<u>\$ 13,436,552</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET

June 30, 2021

Assets:

Cash and cash equivalents	\$ 58,743
Asset held for resale	<u>85,000</u>
Total assets	<u>\$ 143,743</u>

Liabilities and Fund Balance:

Liabilities:

Accounts payable	\$ <u>496</u>
------------------	---------------

Fund balance:

Unassigned	<u>143,247</u>
Total liabilities and fund balance	<u>\$ 143,743</u>

CITY OF ST. LOUIS

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

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

Year Ended June 30, 2021

Revenues:

Property taxes	\$ 30,239
Interest and rents	<u>6,390</u>
Total revenues	<u>36,629</u>

Expenditures:

Current	
Community and economic development	<u>12,922</u>
Change in fund balance	23,707
Fund balance, beginning of year	<u>119,540</u>
Fund balance, end of year	<u><u>\$ 143,247</u></u>

CITY OF ST. LOUIS

GOVERNMENTAL-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2021

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

Issue in the amount of	\$ 1,600,000
Less: Principal paid in prior years	(102,000)
Principal paid in current year	<u>(22,000)</u>
Balance payable at June 30, 2021	<u>\$ 1,476,000</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>
2022	3.50%	\$ 23,000	\$ 25,830	\$ 25,428	\$ 74,258
2023	3.50%	24,000	25,428	25,008	74,436
2024	3.50%	25,000	25,008	24,570	74,578
2025	3.50%	26,000	24,570	24,115	74,685
2026	3.50%	27,000	24,115	23,643	74,758
2027	3.50%	28,000	23,643	23,153	74,796
2028	3.50%	29,000	23,153	22,645	74,798
2029	3.50%	30,000	22,645	22,120	74,765
2030	3.50%	31,000	22,120	21,578	74,698
2031	3.50%	32,000	21,578	21,018	74,596
2032	3.50%	33,000	21,018	20,440	74,458
2033	3.50%	34,000	20,440	19,845	74,285
2034	3.50%	35,000	19,845	19,233	74,078
2035	3.50%	36,000	19,233	18,603	73,836
2036	3.50%	38,000	18,603	17,938	74,541
2037	3.50%	39,000	17,938	17,255	74,193
2038	3.50%	40,000	17,255	16,555	73,810
2039	3.50%	42,000	16,555	15,820	74,375
2040	3.50%	43,000	15,820	15,068	73,888
2041	3.50%	45,000	15,068	14,280	74,348
2042	3.50%	46,000	14,280	13,475	73,755
2043	3.50%	48,000	13,475	12,635	74,110
2044	3.50%	49,000	12,635	11,778	73,413
2045	3.50%	51,000	11,778	10,885	73,663
2046	3.50%	53,000	10,885	9,958	73,843
2047	3.50%	55,000	9,958	8,995	73,953
2048	3.50%	57,000	8,995	7,998	73,993
2049	3.50%	59,000	7,998	6,965	73,963
2050	3.50%	61,000	6,965	5,898	73,863
2051	3.50%	63,000	5,898	4,795	73,693
2052	3.50%	65,000	4,795	3,658	73,453
2053	3.50%	67,000	3,658	2,485	73,143
2054	3.50%	70,000	2,485	1,260	73,745
2055	3.50%	72,000	1,260	-	73,260
		<u>\$ 1,476,000</u>	<u>\$ 534,930</u>	<u>\$ 509,100</u>	<u>\$ 2,520,030</u>

CITY OF ST. LOUIS

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2021

2015 EQUIPMENT LOAN

Issue in the amount of	\$	216,294
Less: Principal paid in prior years		(204,932)
Principal paid in current year		<u>(11,362)</u>
Balance payable at June 30, 2021	\$	<u><u>-</u></u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2021

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2013

Issue in the amount of	\$ 5,445,000
Less: Principal paid in prior years	(1,420,000)
Principal paid in current year	<u>(250,000)</u>
Balance payable at June 30, 2021	<u>\$ 3,775,000</u>

Balance payable as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Interest due</u> <u>October 1</u>	<u>Principal due</u> <u>April 1</u>	<u>Interest due</u> <u>April 1</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2022	2.00%	\$ 37,750	\$ 255,000	\$ 37,750	\$ 330,500
2023	2.00%	35,200	260,000	35,200	330,400
2024	2.00%	32,600	270,000	32,600	335,200
2025	2.00%	29,900	275,000	29,900	334,800
2026	2.00%	27,150	280,000	27,150	334,300
2027	2.00%	24,350	285,000	24,350	333,700
2028	2.00%	21,500	290,000	21,500	333,000
2029	2.00%	18,600	295,000	18,600	332,200
2030	2.00%	15,650	300,000	15,650	331,300
2031	2.00%	12,650	305,000	12,650	330,300
2032	2.00%	9,600	315,000	9,600	334,200
2033	2.00%	6,450	320,000	6,450	332,900
2034	2.00%	3,250	325,000	3,250	331,500
		<u>\$ 274,650</u>	<u>\$ 3,775,000</u>	<u>\$ 274,650</u>	<u>\$ 4,324,300</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2021

2015 ELECTRIC REVENUE BONDS

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	(205,000)
Principal paid in current year	<u>(55,000)</u>
Balance payable at June 30, 2021	<u>\$ 690,000</u>

Balance payable as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>November 1</u>	<u>Interest due</u> <u>November 1</u>	<u>Interest due</u> <u>May 1</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2022	2.00%	\$ 60,000	\$ 10,380	\$ 9,780	\$ 80,160
2023	2.25%	60,000	9,780	9,105	78,885
2024	2.50%	65,000	9,105	8,293	82,398
2025	2.75%	65,000	8,293	7,399	80,692
2026	3.00%	65,000	7,399	6,424	78,823
2027	3.25%	70,000	6,424	5,286	81,710
2028	3.35%	70,000	5,286	4,114	79,400
2029	3.45%	75,000	4,114	2,820	81,934
2030	3.50%	80,000	2,820	1,420	84,240
2031	3.55%	80,000	1,420	-	81,420
		<u>\$ 690,000</u>	<u>\$ 65,021</u>	<u>\$ 54,641</u>	<u>\$ 809,662</u>

CITY OF ST. LOUIS

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2021

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2020

Issue in the amount of	\$ 950,000
Less: Principal paid in prior years	-
Principal paid in current year	<u>(50,000)</u>
Balance payable at June 30, 2021	<u>\$ 900,000</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>
2022	1.55%	\$ 7,778	\$ 53,000	\$ 7,778	\$ 68,556
2023	1.59%	7,367	54,000	7,367	68,734
2024	1.59%	6,938	56,000	6,938	69,876
2025	1.63%	6,493	57,000	6,493	69,986
2026	1.63%	6,028	59,000	6,028	71,056
2027	1.67%	5,547	61,000	5,547	72,094
2028	1.67%	5,038	63,000	5,038	73,076
2029	1.71%	4,512	65,000	4,512	74,024
2030	1.79%	3,956	67,000	3,956	74,912
2031	1.79%	3,356	69,000	3,356	75,712
2032	1.83%	2,739	71,000	2,739	76,478
2033	1.83%	2,089	73,000	2,089	77,178
2034	1.87%	1,421	75,000	1,421	77,842
2035	1.87%	720	77,000	720	78,440
		<u>\$ 63,982</u>	<u>\$ 900,000</u>	<u>\$ 63,982</u>	<u>\$ 1,027,964</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, 2021, 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 16, 2021.

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 those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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 16, 2021