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# City of St. Joseph, Michigan

Berrien County, Michigan

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2022**

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## Independent Auditor's Report

To the City Commission  
City of St. Joseph, Michigan

### **Opinions**

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in its 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.

We did not audit the financial statements of the City of St. Joseph Housing Commission, which represents 93 percent, 92 percent, and 94 percent of the assets, net position, and revenue, respectively, of the aggregate discretely presented component units. We did not audit the financial statements of the Southwest Michigan Regional Airport Authority, which represents 10 percent, 11 percent, and 0 percent of the assets, net position, and revenue, respectively, of the governmental activities. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for component units and joint ventures, is based solely on the reports of the other auditors.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the City Commission  
City of St. Joseph, Michigan

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the City Commission  
City of St. Joseph, Michigan

***Supplemental Information***

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

*Plante & Moran, PLLC*

November 7, 2022

As management of the City of St. Joseph, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2022.

### ***Financial Highlights***

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$131,813,891. Of this amount, \$47,069,475 is not restricted and may be used to meet the ongoing obligations of residents and creditors.
- The City's total net position increased by \$3,082,561.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$20,635,781, an increase of \$626,854 in comparison to the prior year. Approximately \$3.0 million of this total amount is available for spending at the City's discretion.
- At the end of the fiscal year, the General Fund's fund balance was \$4,501,845, or approximately 49.9 percent of total General Fund expenditures. In keeping with longstanding practice, a portion of this will be recommended to be transferred to the Capital Improvement Fund to provide for major projects.
- The City's total debt (not including compensated absences) decreased by approximately \$1.1 million in the current year, to approximately \$37.9 million, well below the debt limitations set by state statutes.

### ***Overview of the Financial Statements***

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

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

The government-wide financial statements include not only the City itself (known as the primary government) but also the following legally separate component units, including the Brownfield Redevelopment Authority, the Downtown Development Authority, and the St. Joseph Housing Commission, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances. The City's major governmental funds for fiscal year 2022 were the General Fund and the Street Improvement Fund. Major funds are those whose revenue, expenditures, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

The City adopts an annual appropriated budget for its General Fund and all special revenue funds. A budgetary comparison statement has been provided for the General Fund and any major special revenue funds.

- **Proprietary funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and marina operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance and employee health care needs and for its fleet of vehicles. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's major enterprise funds for the fiscal year 2021 include the Sewer Fund, Water Fund, and City Water Fund. Data for the other nonmajor enterprise fund is presented in the basic financial statements. Individual fund data for each of the nonmajor enterprise funds is provided in the form of combining statements reported in the other supplemental information. Conversely, all three internal service funds are combined in a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements reported in the other supplemental information.

- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include the pension trust fund and the custodial funds.

**Notes and Other Information**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplemental information on pension and OPEB.

# City of St. Joseph, Michigan

## Management's Discussion and Analysis (Continued)

### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$131,813,891 at the close of the most recent fiscal year.

### The City's Net Position

|                                       | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                       | 2022                    | 2021                 | 2022                     | 2021                 | 2022                  | 2021                  |
| <b>Assets</b>                         |                         |                      |                          |                      |                       |                       |
| Current and other assets              | \$ 35,336,841           | \$ 38,581,365        | \$ 34,361,082            | \$ 35,428,385        | \$ 69,697,923         | \$ 74,009,750         |
| Capital assets                        | 56,307,158              | 56,536,321           | 50,538,841               | 48,521,446           | 106,845,999           | 105,057,767           |
| Total assets                          | 91,643,999              | 95,117,686           | 84,899,923               | 83,949,831           | 176,543,922           | 179,067,517           |
| <b>Deferred Outflows of Resources</b> |                         |                      |                          |                      |                       |                       |
|                                       | 4,312,342               | 850,427              | 1,152,721                | 179,508              | 5,465,063             | 1,029,935             |
| <b>Liabilities</b>                    |                         |                      |                          |                      |                       |                       |
| Current liabilities                   | 2,371,700               | 1,586,892            | 1,759,459                | 1,595,420            | 4,131,159             | 3,182,312             |
| Noncurrent liabilities                | 11,124,655              | 8,520,951            | 33,880,270               | 33,204,985           | 45,004,925            | 41,725,936            |
| Total liabilities                     | 13,496,355              | 10,107,843           | 35,639,729               | 34,800,405           | 49,136,084            | 44,908,248            |
| <b>Deferred Inflows of Resources</b>  |                         |                      |                          |                      |                       |                       |
|                                       | 891,245                 | 4,973,351            | 167,765                  | 1,484,523            | 1,059,010             | 6,457,874             |
| <b>Net Position</b>                   |                         |                      |                          |                      |                       |                       |
| Net investment in capital assets      | 51,126,060              | 50,585,426           | 21,995,794               | 20,716,989           | 73,121,854            | 71,302,415            |
| Restricted                            | 11,622,562              | 11,137,295           | -                        | -                    | 11,622,562            | 11,137,295            |
| Unrestricted                          | 18,820,119              | 19,164,198           | 28,249,356               | 27,127,422           | 47,069,475            | 46,291,620            |
| Total net position                    | <b>\$ 81,568,741</b>    | <b>\$ 80,886,919</b> | <b>\$ 50,245,150</b>     | <b>\$ 47,844,411</b> | <b>\$ 131,813,891</b> | <b>\$ 128,731,330</b> |

A portion of the City's net position, \$11,622,562, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$47,069,475 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities, business-type activities, and component units.



# City of St. Joseph, Michigan

## Management's Discussion and Analysis (Continued)

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the City's total net position, for the years ended June 30, 2022 and 2021:

### The City's Changes in Net Position

|                                  | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                  | 2022                    | 2021                 | 2022                     | 2021                 | 2022                  | 2021                  |
| <b>Revenue</b>                   |                         |                      |                          |                      |                       |                       |
| Program revenue:                 |                         |                      |                          |                      |                       |                       |
| Charges for services             | \$ 3,199,202            | \$ 2,950,156         | \$ 10,754,696            | \$ 9,855,875         | \$ 13,953,898         | \$ 12,806,031         |
| Operating grants                 | 1,525,864               | 1,890,675            | -                        | 33,803               | 1,525,864             | 1,924,478             |
| Capital grants                   | 233,124                 | 1,641,813            | 1,445,957                | 27,210               | 1,679,081             | 1,669,023             |
| General revenue:                 |                         |                      |                          |                      |                       |                       |
| Taxes                            | 9,636,242               | 9,281,628            | -                        | -                    | 9,636,242             | 9,281,628             |
| Intergovernmental                | 1,424,046               | 1,225,478            | -                        | -                    | 1,424,046             | 1,225,478             |
| Investment (loss)                |                         |                      |                          |                      |                       |                       |
| earnings                         | (170,233)               | 164,172              | 25,058                   | 5,900                | (145,175)             | 170,072               |
| Other revenue                    | 306,488                 | 322,332              | -                        | -                    | 306,488               | 322,332               |
| Total revenue                    | 16,154,733              | 17,476,254           | 12,225,711               | 9,922,788            | 28,380,444            | 27,399,042            |
| <b>Expenses</b>                  |                         |                      |                          |                      |                       |                       |
| General government               | 2,356,184               | 2,038,424            | -                        | -                    | 2,356,184             | 2,038,424             |
| Public safety                    | 5,048,253               | 3,842,364            | -                        | -                    | 5,048,253             | 3,842,364             |
| Public works                     | 4,975,822               | 4,647,603            | -                        | -                    | 4,975,822             | 4,647,603             |
| Social services                  | 45,268                  | 27,404               | -                        | -                    | 45,268                | 27,404                |
| Community and economic           |                         |                      |                          |                      |                       |                       |
| development                      | 336,947                 | 61,518               | -                        | -                    | 336,947               | 61,518                |
| Recreation and culture           | 2,428,006               | 2,086,475            | -                        | -                    | 2,428,006             | 2,086,475             |
| Debt service                     | 176,080                 | 165,718              | -                        | -                    | 176,080               | 165,718               |
| Sewer Fund                       | -                       | -                    | 2,166,017                | 1,210,577            | 2,166,017             | 1,210,577             |
| Water Fund                       | -                       | -                    | 5,267,833                | 5,267,672            | 5,267,833             | 5,267,672             |
| City Water Fund                  | -                       | -                    | 1,743,063                | 664,082              | 1,743,063             | 664,082               |
| Marina Fund                      | -                       | -                    | 754,410                  | 522,708              | 754,410               | 522,708               |
| Total expenses                   | 15,366,560              | 12,869,506           | 9,931,323                | 7,665,039            | 25,297,883            | 20,534,545            |
| Transfers                        | (106,351)               | 544,630              | 106,351                  | (544,630)            | -                     | -                     |
| Change in Net Position           | 681,822                 | 5,151,378            | 2,400,739                | 1,713,119            | 3,082,561             | 6,864,497             |
| Net Position - Beginning of year | 80,886,919              | 75,735,541           | 47,844,411               | 46,131,292           | 128,731,330           | 121,866,833           |
| Net Position - End of year       | <u>\$ 81,568,741</u>    | <u>\$ 80,886,919</u> | <u>\$ 50,245,150</u>     | <u>\$ 47,844,411</u> | <u>\$ 131,813,891</u> | <u>\$ 128,731,330</u> |

### *Governmental Activities*

The City's governmental activities net position increased by \$681,822. Property taxes were \$9,636,242, or approximately 59.6 percent, of the total governmental revenue. Grants and contributions were \$1,758,988, or approximately 10.9 percent, of the total governmental revenue. The remaining 29.5 percent is mostly composed of various charges for services, state revenue, and other miscellaneous revenue. Governmental expenses increased overall by \$2,497,054 primarily due to an increase in public safety expenditures.

#### *Business-type Activities*

The City's business-type activities net position increased by \$2,400,739. Charges for services, including water sales, were \$10,754,696, the majority of the total business-type revenue, with the remaining mostly composed of various fees and interest revenue. Business-type expenses increased overall by \$2,266,284, primarily due to increases in expenses in the City Water Fund related to lead service replacement projects.

#### **Financial Analysis of Individual Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the City Commission or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Commission.

#### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,635,781, an increase of \$626,854 in comparison with the prior fiscal year. Approximately 15 percent of this total amount constitutes unassigned fund balances, which are available for spending at the government's discretion. The remaining 85 percent is nonspendable or restricted/committed for specific government purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$4,501,845, which represents roughly 50 percent of the total General Fund expenditures and other financing uses. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's General Fund decreased \$171,847 from the previous fiscal year. A portion of the fund balance will be recommended to be transferred to the Capital Improvement Fund in order to fund future major projects while maintaining an appropriate balance in the General Fund.

#### *Proprietary Funds*

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

The Sewer Fund reported net position of \$19,746,522, an increase of \$139,151 from the prior fiscal year. The net position balance is divided between \$3,572,007 net investment in capital assets and \$16,174,515 as unrestricted.

The Water Fund reported net position of \$17,941,920, an increase of \$1,265,119 from the prior fiscal year. The net position balance is divided between \$9,131,255 net investment in capital assets and \$8,810,665 as unrestricted.

The City Water Fund reported net position of \$9,331,792, an increase of \$929,515 from the prior fiscal year. The net position balance is divided between \$6,912,535 net investment in capital assets and \$2,419,257 as unrestricted.

**General Fund Budgetary Highlights**

The City's budget is a dynamic document. Although adopted in May (prior to the start of the fiscal year), the budget is routinely amended during the course of the year to reflect changing operational demands. For the General Fund, the City Commission originally appropriated \$9,767,000 to cover anticipated operating expenditures. The City Commission's final amendment to the budget increased anticipated expenditures, including transfers, by \$1,241,000 to \$11,008,000. The most significant budget adjustments can be noted in the transfers out of the General Fund to the Capital Improvement Fund for the purpose of funding future capital improvement projects.

***Capital Assets and Debt Administration***

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 was \$106,845,999 (net of depreciation), an increase of approximately \$1.8 million from the previous fiscal year. This increase in net assets is primarily due to infrastructure capital outlay exceeding regular annual depreciation. Major capital asset events during the fiscal year included the following:

- Infrastructure and roadway improvements were completed on Langley Avenue.

**Debt Administration**

At the end of the current fiscal year, the City had total outstanding debt of \$38,558,507. The City's total debt increased as a result of clean water bonds issued during the year.

***Economic Factors and Next Year's Budgets and Rates***

- The 2023 General Fund budget has revenue equal to expenditures.
- The City's 2022 operating tax millage rate was reduced from 11.50 mills to 11.24 mills, with total tax revenue expected to increase 2.0 percent year over year.
- New street reconstruction began for local streets Willa, Lester, and Donna.
- City system water and sewer rates both increased by 7.0 percent.
- Lead service line replacement will continue throughout the City.

***Requests for Further Information***

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the finance director at City Hall at 700 Broad Street, St. Joseph, MI, 49085.

June 30, 2022

|   | Primary Government      |                          |               | Component Units |
|---|-------------------------|--------------------------|---------------|-----------------|
|   | Governmental Activities | Business-type Activities | Total         |                 |
| <b>Assets</b>   |                         |                          |               |                 |
| Cash and cash equivalents (Note 3)                            | \$ 23,748,133           | \$ 12,117,478            | \$ 35,865,611 | \$ 215,296      |
| Investments (Note 3)  | 2,020,740               | -                        | 2,020,740     | -               |
| Receivables:  |                         |                          |               |                 |
| Special assessments receivable                                | -                       | 14,288                   | 14,288        | -               |
| Customer receivables  | -                       | 1,785,088                | 1,785,088     | -               |
| Other receivables   | 372,427                 | 104,084                  | 476,511       | 31,863          |
| Due from other governments                                    | 162,994                 | 1,392,979                | 1,555,973     | -               |
| Inventory   | 92,627                  | 153,613                  | 246,240       | 19,861          |
| Prepaid expenses  | 67,064                  | -                        | 67,064        | 87,458          |
| Restricted assets   | -                       | 4,207,062                | 4,207,062     | -               |
| Investment in joint ventures (Note 1)                         | 8,872,856               | 14,586,490               | 23,459,346    | -               |
| Capital assets:   |                         |                          |               |                 |
| Assets not subject to depreciation (Note 4)                   | 13,282,036              | 2,229,182                | 15,511,218    | 19,800          |
| Assets subject to depreciation - Net (Note 4)                 | 43,025,122              | 48,309,659               | 91,334,781    | 1,817,622       |
| Total assets  | 91,643,999              | 84,899,923               | 176,543,922   | 2,191,900       |
| <b>Deferred Outflows of Resources</b>                         |                         |                          |               |                 |
| Deferred pension costs (Note 8)                               | 4,288,098               | 1,152,721                | 5,440,819     | 16,152          |
| Deferred OPEB costs (Note 9)                                  | 24,244                  | -                        | 24,244        | -               |
| Total deferred outflows of resources                          | 4,312,342               | 1,152,721                | 5,465,063     | 16,152          |
| <b>Liabilities</b>  |                         |                          |               |                 |
| Accounts payable  | 979,749                 | 995,777                  | 1,975,526     | 72,288          |
| Due to other governmental units                               | -                       | 516,418                  | 516,418       | -               |
| Accrued liabilities and other                                 | 340,757                 | 247,264                  | 588,021       | 42,080          |
| Unearned revenue  | 1,051,194               | -                        | 1,051,194     | 2,832           |
| Noncurrent liabilities:                                       |                         |                          |               |                 |
| Due within one year:  |                         |                          |               |                 |
| Compensated absences (Note 6)                                 | 324,619                 | 90,391                   | 415,010       | -               |
| Current portion of bonds and contracts payable (Note 6)       | 790,723                 | 1,717,287                | 2,508,010     | 24,517          |
| Due in more than one year:                                    |                         |                          |               |                 |
| Compensated absences (Note 6)                                 | 166,172                 | -                        | 166,172       | 1,712           |
| Net pension liability (Note 8)                                | 3,867,931               | 1,039,770                | 4,907,701     | -               |
| Net OPEB obligation (Note 9)                                  | 1,584,835               | -                        | 1,584,835     | -               |
| Bonds and contracts payable - Net of current portion (Note 6) | 4,390,375               | 31,032,822               | 35,423,197    | 19,889          |
| Total liabilities   | 13,496,355              | 35,639,729               | 49,136,084    | 163,318         |
| <b>Deferred Inflows of Resources</b>                          |                         |                          |               |                 |
| Deferred pension cost reductions (Note 8)                     | 624,080                 | 167,765                  | 791,845       | 92,815          |
| Deferred OPEB cost reductions (Note 9)                        | 267,165                 | -                        | 267,165       | -               |
| Total deferred inflows of resources                           | 891,245                 | 167,765                  | 1,059,010     | 92,815          |

# City of St. Joseph, Michigan

## Statement of Net Position (Continued)

June 30, 2022

|                                  | Primary Government         |                             |                       | Component<br>Units  |
|----------------------------------|----------------------------|-----------------------------|-----------------------|---------------------|
|                                  | Governmental<br>Activities | Business-type<br>Activities | Total                 |                     |
| <b>Net Position</b>              |                            |                             |                       |                     |
| Net investment in capital assets | \$ 51,126,060              | \$ 21,995,794               | \$ 73,121,854         | \$ 1,793,016        |
| Restricted:                      |                            |                             |                       |                     |
| Streets and highways             | 7,720,811                  | -                           | 7,720,811             | -                   |
| Sanitation                       | 369,117                    | -                           | 369,117               | -                   |
| Public safety                    | 433,227                    | -                           | 433,227               | -                   |
| Capital projects - Expendable    | 152,136                    | -                           | 152,136               | -                   |
| Capital projects - Nonexpendable | 551,286                    | -                           | 551,286               | -                   |
| Library                          | 1,518,769                  | -                           | 1,518,769             | -                   |
| Cemetery                         | 121,709                    | -                           | 121,709               | -                   |
| Band                             | 316,992                    | -                           | 316,992               | -                   |
| Debt service                     | 438,515                    | -                           | 438,515               | -                   |
| Unrestricted                     | 18,820,119                 | 28,249,356                  | 47,069,475            | 158,903             |
| Total net position               | <b>\$ 81,568,741</b>       | <b>\$ 50,245,150</b>        | <b>\$ 131,813,891</b> | <b>\$ 1,951,919</b> |

# City of St. Joseph, Michigan

|   | Program Revenue      |                      |                                    |                                  |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>               |                      |                      |                                    |                                  |
| Primary government:                     |                      |                      |                                    |                                  |
| Governmental activities:                |                      |                      |                                    |                                  |
| General government                      | \$ 2,356,184         | \$ 1,769,911         | \$ 137,473                         | \$ -                             |
| Public safety                           | 5,048,253            | 618,211              | 23,948                             | -                                |
| Public works                            | 4,975,822            | 273,995              | 1,041,108                          | 103,538                          |
| Health and welfare                      | 45,268               | -                    | 15,847                             | -                                |
| Community and economic development      | 336,947              | -                    | -                                  | -                                |
| Recreation and culture                  | 2,428,006            | 537,085              | 307,488                            | 129,586                          |
| Interest on long-term debt              | 176,080              | -                    | -                                  | -                                |
| Total governmental activities           | 15,366,560           | 3,199,202            | 1,525,864                          | 233,124                          |
| Business-type activities:               |                      |                      |                                    |                                  |
| Sewer Fund                              | 2,166,017            | 2,355,265            | -                                  | 9,962                            |
| Water Fund                              | 5,267,833            | 6,521,511            | -                                  | -                                |
| City Water Fund                         | 1,743,063            | 1,058,184            | -                                  | 1,435,995                        |
| Marina Fund                             | 754,410              | 819,736              | -                                  | -                                |
| Total business-type activities          | 9,931,323            | 10,754,696           | -                                  | 1,445,957                        |
| Total primary government                | <b>\$ 25,297,883</b> | <b>\$ 13,953,898</b> | <b>\$ 1,525,864</b>                | <b>\$ 1,679,081</b>              |
| Component units:                        |                      |                      |                                    |                                  |
| Downtown Development Authority          | \$ 41,428            | \$ -                 | \$ -                               | \$ -                             |
| Housing Commission                      | 1,056,547            | 381,021              | 380,104                            | -                                |
| Total component units                   | <b>\$ 1,097,975</b>  | <b>\$ 381,021</b>    | <b>\$ 380,104</b>                  | <b>\$ -</b>                      |
| General revenue:                        |                      |                      |                                    |                                  |
| Taxes                                   |                      |                      |                                    |                                  |
| Unrestricted state-shared revenue:      |                      |                      |                                    |                                  |
| State-shared revenue                    |                      |                      |                                    |                                  |
| Local Community Stabilization Authority |                      |                      |                                    |                                  |
| Unrestricted investment (loss) income   |                      |                      |                                    |                                  |
| Other miscellaneous income              |                      |                      |                                    |                                  |
| Total general revenue                   |                      |                      |                                    |                                  |
| Transfers                               |                      |                      |                                    |                                  |
| <b>Change in Net Position</b>           |                      |                      |                                    |                                  |
| <b>Net Position - Beginning of year</b> |                      |                      |                                    |                                  |
| <b>Net Position - End of year</b>       |                      |                      |                                    |                                  |

## Statement of Activities

**Year Ended June 30, 2022**

| Net (Expense) Revenue and Changes in Net Position |                             |                       |                     |
|---|-----------------------------|-----------------------|---------------------|
| Primary Government                                |                             |                       |                     |
| Governmental<br>Activities                        | Business Type<br>Activities | Total                 | Component<br>Units  |
| \$ (448,800)                                      | \$ -                        | \$ (448,800)          | \$ -                |
| (4,406,094)                                       | -                           | (4,406,094)           | -                   |
| (3,557,181)                                       | -                           | (3,557,181)           | -                   |
| (29,421)  | -                           | (29,421)              | -                   |
| (336,947)   | -                           | (336,947)             | -                   |
| (1,453,847)                                       | -                           | (1,453,847)           | -                   |
| (176,080)   | -                           | (176,080)             | -                   |
| (10,408,370)                                      | -                           | (10,408,370)          | -                   |
| -   | 199,210                     | 199,210               | -                   |
| -   | 1,253,678                   | 1,253,678             | -                   |
| -   | 751,116                     | 751,116               | -                   |
| -   | 65,326                      | 65,326                | -                   |
| -   | 2,269,330                   | 2,269,330             | -                   |
| (10,408,370)                                      | 2,269,330                   | (8,139,040)           | -                   |
| -   | -                           | -                     | (41,428)            |
| -   | -                           | -                     | (295,422)           |
| -   | -                           | -                     | (336,850)           |
| 9,636,242   | -                           | 9,636,242             | 55,481              |
| 1,102,192   | -                           | 1,102,192             | -                   |
| 321,854   | -                           | 321,854               | -                   |
| (170,233)   | 25,058                      | (145,175)             | 112                 |
| 306,488   | -                           | 306,488               | 110,416             |
| 11,196,543  | 25,058                      | 11,221,601            | 166,009             |
| (106,351)   | 106,351                     | -                     | -                   |
| 681,822   | 2,400,739                   | 3,082,561             | (170,841)           |
| 80,886,919  | 47,844,411                  | 128,731,330           | 2,122,760           |
| <b>\$ 81,568,741</b>                              | <b>\$ 50,245,150</b>        | <b>\$ 131,813,891</b> | <b>\$ 1,951,919</b> |

# City of St. Joseph, Michigan

## Governmental Funds Balance Sheet

June 30, 2022

|                                     | General Fund        | Street<br>Improvement Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|---------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                       |                     |                            |                                   |                                |
| Cash and cash equivalents (Note 3)  | \$ 3,965,872        | \$ 4,310,865               | \$ 12,038,979                     | \$ 20,315,716                  |
| Investments (Note 3)                | 1,868,740           | -                          | 152,000                           | 2,020,740                      |
| Receivables:                        |                     |                            |                                   |                                |
| Other receivables                   | 13,825              | -                          | 351,230                           | 365,055                        |
| Due from other governments          | -                   | -                          | 162,994                           | 162,994                        |
| Inventory                           | 2,958               | -                          | 52,846                            | 55,804                         |
| Prepaid expenses                    | 28,865              | -                          | 10,973                            | 39,838                         |
|                                     | <u>\$ 5,880,260</u> | <u>\$ 4,310,865</u>        | <u>\$ 12,769,022</u>              | <u>\$ 22,960,147</u>           |
| Total assets                        |                     |                            |                                   |                                |
| <b>Liabilities</b>                  |                     |                            |                                   |                                |
| Accounts payable                    | \$ 61,549           | \$ 14,150                  | \$ 897,248                        | \$ 972,947                     |
| Accrued liabilities and other       | 265,672             | 341                        | 34,212                            | 300,225                        |
| Unearned revenue                    | 1,051,194           | -                          | -                                 | 1,051,194                      |
|                                     | <u>1,378,415</u>    | <u>14,491</u>              | <u>931,460</u>                    | <u>2,324,366</u>               |
| Total liabilities                   |                     |                            |                                   |                                |
| <b>Fund Balances</b>                |                     |                            |                                   |                                |
| Nonspendable                        | 31,823              | -                          | 615,105                           | 646,928                        |
| Restricted                          | 418,219             | 4,296,374                  | 6,292,864                         | 11,007,457                     |
| Committed                           | 1,000,000           | -                          | 221,679                           | 1,221,679                      |
| Assigned                            | -                   | -                          | 4,707,914                         | 4,707,914                      |
| Unassigned                          | 3,051,803           | -                          | -                                 | 3,051,803                      |
|                                     | <u>4,501,845</u>    | <u>4,296,374</u>           | <u>11,837,562</u>                 | <u>20,635,781</u>              |
| Total fund balances                 |                     |                            |                                   |                                |
|                                     | <u>\$ 5,880,260</u> | <u>\$ 4,310,865</u>        | <u>\$ 12,769,022</u>              | <u>\$ 22,960,147</u>           |
| Total liabilities and fund balances |                     |                            |                                   |                                |



**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2022**

|  |                                    |
|--|------------------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>  | <b>\$ 20,635,781</b>               |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>  |                                    |
| <p>Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:</p>  |                                    |
| Cost of capital assets   | 84,319,012                         |
| Accumulated depreciation   | <u>(29,455,909)</u>                |
| Net capital assets and lease assets used in governmental activities  | 54,863,103                         |
| Investments in joint ventures are not financial resources and are not reported in the funds  | 8,872,856                          |
| Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds  | (5,181,098)                        |
| Accrued interest is not due and payable in the current period and is not reported in the funds   | (35,234)                           |
| <p>Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:</p>  |                                    |
| Employee compensated absences  | (480,695)                          |
| Pension benefits and related deferred outflows and inflows   | (203,913)                          |
| Retiree health care benefits and related deferred outflows and inflows   | (1,827,756)                        |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | <u>4,925,697</u>                   |
| <b>Net Position of Governmental Activities</b>   | <b><u><u>\$ 81,568,741</u></u></b> |

Governmental Funds  
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

|  | General Fund        | Street<br>Improvement Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>Revenue</b>                                     |                     |                            |                                   |                                |
| Taxes  | \$ 6,238,961        | \$ 1,825,919               | \$ 1,858,654                      | \$ 9,923,534                   |
| Intergovernmental:                                 |                     |                            |                                   |                                |
| Federal grants                                     | 15,847              | 103,538                    | -                                 | 119,385                        |
| State sources:                                     |                     |                            |                                   |                                |
| State-shared revenue                               | 1,102,192           | -                          | 198,640                           | 1,300,832                      |
| Act 51 gas and weight tax                          | -                   | -                          | 1,041,108                         | 1,041,108                      |
| Local Community Stabilization Authority            | 180,979             | 64,973                     | 75,902                            | 321,854                        |
| Other state grants                                 | 22,099              | -                          | -                                 | 22,099                         |
| Charges for services                               | 2,112,839           | -                          | 7,748                             | 2,120,587                      |
| Fines and forfeitures                              | 144,912             | -                          | 117,321                           | 262,233                        |
| Licenses and permits                               | 601,831             | -                          | -                                 | 601,831                        |
| Interest and rentals:                              |                     |                            |                                   |                                |
| Investment (loss) earnings                         | (12,798)            | 4,878                      | (162,313)                         | (170,233)                      |
| Rental income                                      | 8,692               | -                          | 27,843                            | 36,535                         |
| Other revenue                                      | 82,175              | -                          | 492,793                           | 574,968                        |
| Total revenue                                      | 10,497,729          | 1,999,308                  | 3,657,696                         | 16,154,733                     |
| <b>Expenditures</b>                                |                     |                            |                                   |                                |
| Current services:                                  |                     |                            |                                   |                                |
| General government                                 | 1,844,790           | -                          | -                                 | 1,844,790                      |
| Public safety                                      | 4,497,871           | -                          | 610                               | 4,498,481                      |
| Public works                                       | 909,893             | 238,897                    | 3,753,553                         | 4,902,343                      |
| Social services                                    | 53,249              | -                          | -                                 | 53,249                         |
| Community and economic development                 | 273,927             | -                          | -                                 | 273,927                        |
| Recreation and culture                             | 1,178,036           | -                          | 844,847                           | 2,022,883                      |
| Capital outlay                                     | -                   | -                          | 904,812                           | 904,812                        |
| Debt service:                                      |                     |                            |                                   |                                |
| Principal  | 221,294             | -                          | 533,000                           | 754,294                        |
| Interest and fiscal charges                        | 36,966              | -                          | 144,033                           | 180,999                        |
| Total expenditures                                 | 9,016,026           | 238,897                    | 6,180,855                         | 15,435,778                     |
| <b>Excess of Revenue Over (Under) Expenditures</b> | 1,481,703           | 1,760,411                  | (2,523,159)                       | 718,955                        |
| <b>Other Financing Sources (Uses)</b>              |                     |                            |                                   |                                |
| Transfers in (Note 5)                              | -                   | 126,150                    | 4,032,800                         | 4,158,950                      |
| Transfers out (Note 5)                             | (1,667,800)         | (1,900,000)                | (697,501)                         | (4,265,301)                    |
| Sale of capital assets                             | 14,250              | -                          | -                                 | 14,250                         |
| Total other financing (uses) sources               | (1,653,550)         | (1,773,850)                | 3,335,299                         | (92,101)                       |
| <b>Net Change in Fund Balances</b>                 | (171,847)           | (13,439)                   | 812,140                           | 626,854                        |
| <b>Fund Balances - Beginning of year</b>           | 4,673,692           | 4,309,813                  | 11,025,422                        | 20,008,927                     |
| <b>Fund Balances - End of year</b>                 | <u>\$ 4,501,845</u> | <u>\$ 4,296,374</u>        | <u>\$ 11,837,562</u>              | <u>\$ 20,635,781</u>           |

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities

Year Ended June 30, 2022

|   |                          |
|---|--------------------------|
| <b>Net Change in Fund Balances Reported in Governmental Funds</b>   | \$ 626,854               |
| Amounts reported for governmental activities in the statement of activities are different because:  |                          |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:  |                          |
| Capital outlay  | 2,027,751                |
| Depreciation expense  | (1,892,685)              |
| Net book value of assets disposed of  | (84,569)                 |
| Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)  | 759,213                  |
| Change in investment in joint venture does not require the use of current resources and, therefore, is not reported in the fund statements  | (423,896)                |
| Some employee costs (pension and OPEB, as well as related deferrals, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds | (437,981)                |
| Internal service funds are included as part of governmental activities  | 107,135                  |
| <b>Change in Net Position of Governmental Activities</b>  | <b><u>\$ 681,822</u></b> |

Proprietary Funds  
Statement of Net Position

June 30, 2022

|  | Enterprise Funds     |                      |                     |                     |                      | Governmental<br>Activities |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------------|
|  | Sewer Fund           | Water Fund           | City Water          | Nonmajor            | Total                | Internal                   |
|  |                      |                      | Fund                | (Marina Fund)       |                      | Service Funds              |
| <b>Assets</b>  |                      |                      |                     |                     |                      |                            |
| Current assets:  |                      |                      |                     |                     |                      |                            |
| Cash and cash equivalents  | \$ 1,938,831         | \$ 8,284,825         | \$ 1,036,648        | \$ 857,174          | \$ 12,117,478        | \$ 3,432,417               |
| Receivables:   |                      |                      |                     |                     |                      |                            |
| Special assessments receivable   | 9,502                | -                    | 4,786               | -                   | 14,288               | -                          |
| Customer receivables   | 794,494              | 710,707              | 279,887             | -                   | 1,785,088            | -                          |
| Other receivables  | 99,530               | 10                   | -                   | 4,544               | 104,084              | 7,372                      |
| Due from other governments   | -                    | -                    | 1,392,979           | -                   | 1,392,979            | -                          |
| Due from other funds (Note 5)  | -                    | 200,000              | -                   | -                   | 200,000              | -                          |
| Inventory  | 326                  | 115,287              | -                   | 38,000              | 153,613              | 36,823                     |
| Prepaid expenses   | -                    | -                    | -                   | -                   | -                    | 27,226                     |
| Total current assets   | 2,842,683            | 9,310,829            | 2,714,300           | 899,718             | 15,767,530           | 3,503,838                  |
| Noncurrent assets:   |                      |                      |                     |                     |                      |                            |
| Restricted assets  | 4,207,062            | -                    | -                   | -                   | 4,207,062            | -                          |
| Investment in joint ventures   | 14,586,490           | -                    | -                   | -                   | 14,586,490           | -                          |
| Capital assets:  |                      |                      |                     |                     |                      |                            |
| Assets not subject to depreciation (Note 4)                                      | 611,342              | -                    | 1,488,051           | 129,789             | 2,229,182            | -                          |
| Assets subject to depreciation - Net (Note 4)                                    | 7,548,341            | 28,413,256           | 10,097,854          | 2,250,208           | 48,309,659           | 1,444,055                  |
| Total noncurrent assets  | 26,953,235           | 28,413,256           | 11,585,905          | 2,379,997           | 69,332,393           | 1,444,055                  |
| Total assets   | 29,795,918           | 37,724,085           | 14,300,205          | 3,279,715           | 85,099,923           | 4,947,893                  |
| <b>Deferred Outflows of Resources -</b>  |                      |                      |                     |                     |                      |                            |
| Deferred pension costs   | 45,369               | 962,709              | -                   | 144,643             | 1,152,721            | -                          |
| <b>Liabilities</b>   |                      |                      |                     |                     |                      |                            |
| Current liabilities:   |                      |                      |                     |                     |                      |                            |
| Accounts payable   | 545,972              | 157,868              | 266,459             | 25,478              | 995,777              | 6,802                      |
| Due to other governmental units  | 450,129              | 66,231               | -                   | 58                  | 516,418              | -                          |
| Due to other funds (Note 5)  | 200,000              | -                    | -                   | -                   | 200,000              | -                          |
| Accrued liabilities and other:   |                      |                      |                     |                     |                      |                            |
| Accrued salaries and wages   | 1,323                | 45,295               | 2,784               | 7,864               | 57,266               | 4,304                      |
| Accrued interest payable   | 53,059               | 101,559              | 25,800              | -                   | 180,418              | -                          |
| Other accrued liabilities  | -                    | 9,580                | -                   | -                   | 9,580                | 994                        |
| Compensated absences (Note 6)  | 2,019                | 73,851               | -                   | 14,521              | 90,391               | 10,096                     |
| Current portion of bonds and contracts payable (Note 6)                          | 321,423              | 1,106,336            | 289,528             | -                   | 1,717,287            | -                          |
| Total current liabilities  | 1,573,925            | 1,560,720            | 584,571             | 47,921              | 3,767,137            | 22,196                     |
| Noncurrent liabilities:  |                      |                      |                     |                     |                      |                            |
| Net pension liability (Note 8)   | 40,922               | 868,378              | -                   | 130,470             | 1,039,770            | -                          |
| Bonds and contracts payable - Net of current portion (Note 6)                    | 8,473,315            | 18,175,665           | 4,383,842           | -                   | 31,032,822           | -                          |
| <b>Deferred Inflows of Resources -</b> Deferred pension cost reductions (Note 8) |                      |                      |                     |                     |                      |                            |
|  | 6,603                | 140,111              | -                   | 21,051              | 167,765              | -                          |
| <b>Net Position</b>  |                      |                      |                     |                     |                      |                            |
| Net investment in capital assets   | 3,572,007            | 9,131,255            | 6,912,535           | 2,379,997           | 21,995,794           | 1,444,055                  |
| Unrestricted   | 16,174,515           | 8,810,665            | 2,419,257           | 844,919             | 28,249,356           | 3,481,642                  |
| Total net position   | <u>\$ 19,746,522</u> | <u>\$ 17,941,920</u> | <u>\$ 9,331,792</u> | <u>\$ 3,224,916</u> | <u>\$ 50,245,150</u> | <u>\$ 4,925,697</u>        |

Proprietary Funds  
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

|   | Enterprise Funds     |                      |                     |                        | Total                | Governmental           |
|---|----------------------|----------------------|---------------------|------------------------|----------------------|------------------------|
|   | Sewer Fund           | Water Fund           | City Water Fund     | Nonmajor (Marina Fund) |                      | Internal Service Funds |
| <b>Operating Revenue</b>                            |                      |                      |                     |                        |                      |                        |
| Sale of water                                       | \$ -                 | \$ 6,409,662         | \$ 1,057,848        | \$ -                   | \$ 7,467,510         | \$ -                   |
| Sewage disposal charges                             | 2,273,265            | -                    | -                   | -                      | 2,273,265            | -                      |
| Other sales to customers                            | -                    | -                    | -                   | 817,958                | 817,958              | -                      |
| Fines and forfeitures                               | 79,500               | 99,019               | -                   | -                      | 178,519              | -                      |
| Rent  | -                    | -                    | -                   | -                      | -                    | 1,010,351              |
| Other revenue                                       | 2,500                | 12,830               | 336                 | 1,778                  | 17,444               | 2,022,899              |
| <b>Total operating revenue</b>                      | <b>2,355,265</b>     | <b>6,521,511</b>     | <b>1,058,184</b>    | <b>819,736</b>         | <b>10,754,696</b>    | <b>3,033,250</b>       |
| <b>Operating Expenses</b>                           |                      |                      |                     |                        |                      |                        |
| Utilities   | 865,426              | 342,374              | -                   | 29,339                 | 1,237,139            | -                      |
| Supplies and materials                              | 19,656               | 591,993              | 20,033              | 248,036                | 879,718              | 111,335                |
| Personnel costs                                     | 88,835               | 1,783,855            | 42,058              | 278,898                | 2,193,646            | 1,812,674              |
| Contractual services                                | 333,714              | 906,277              | 1,283,124           | 22,555                 | 2,545,670            | 325,781                |
| Insurance   | 25,196               | 78,388               | -                   | 11,198                 | 114,782              | 191,679                |
| Communications                                      | 11,667               | 7,606                | 668                 | -                      | 19,941               | -                      |
| Transportation                                      | -                    | 7,070                | -                   | 376                    | 7,446                | 254                    |
| Repairs   | 49,157               | 208,093              | 5,310               | 64,437                 | 326,997              | 16,446                 |
| Building and equipment rental                       | 73,128               | 228,868              | 32,710              | -                      | 334,706              | -                      |
| Other   | 21,287               | 7,329                | 5,730               | 36,400                 | 70,746               | 8,299                  |
| Depreciation  | 170,422              | 678,312              | 284,521             | 63,171                 | 1,196,426            | 538,440                |
| <b>Total operating expenses</b>                     | <b>1,658,488</b>     | <b>4,840,165</b>     | <b>1,674,154</b>    | <b>754,410</b>         | <b>8,927,217</b>     | <b>3,004,908</b>       |
| <b>Operating Income (Loss)</b>                      | <b>696,777</b>       | <b>1,681,346</b>     | <b>(615,970)</b>    | <b>65,326</b>          | <b>1,827,479</b>     | <b>28,342</b>          |
| <b>Nonoperating Revenue (Expense)</b>               |                      |                      |                     |                        |                      |                        |
| Investment income                                   | 9,016                | 11,441               | 2,973               | 1,628                  | 25,058               | 3,067                  |
| Interest expense                                    | (217,419)            | (427,668)            | (68,909)            | -                      | (713,996)            | (519)                  |
| Other nonoperating expenses                         | (290,110)            | -                    | -                   | -                      | (290,110)            | -                      |
| Gain on sale of assets                              | -                    | -                    | -                   | -                      | -                    | 76,245                 |
| <b>Total nonoperating (expense) revenue</b>         | <b>(498,513)</b>     | <b>(416,227)</b>     | <b>(65,936)</b>     | <b>1,628</b>           | <b>(979,048)</b>     | <b>78,793</b>          |
| <b>Income (Loss) - Before capital contributions</b> | <b>198,264</b>       | <b>1,265,119</b>     | <b>(681,906)</b>    | <b>66,954</b>          | <b>848,431</b>       | <b>107,135</b>         |
| <b>Capital Contributions</b>                        | <b>9,962</b>         | <b>-</b>             | <b>1,435,995</b>    | <b>-</b>               | <b>1,445,957</b>     | <b>-</b>               |
| <b>Transfers In</b>                                 | <b>230,925</b>       | <b>-</b>             | <b>250,426</b>      | <b>-</b>               | <b>481,351</b>       | <b>-</b>               |
| <b>Transfers Out</b>                                | <b>(300,000)</b>     | <b>-</b>             | <b>(75,000)</b>     | <b>-</b>               | <b>(375,000)</b>     | <b>-</b>               |
| <b>Change in Net Position</b>                       | <b>139,151</b>       | <b>1,265,119</b>     | <b>929,515</b>      | <b>66,954</b>          | <b>2,400,739</b>     | <b>107,135</b>         |
| <b>Net Position - Beginning of year</b>             | <b>19,607,371</b>    | <b>16,676,801</b>    | <b>8,402,277</b>    | <b>3,157,962</b>       | <b>47,844,411</b>    | <b>4,818,562</b>       |
| <b>Net Position - End of year</b>                   | <b>\$ 19,746,522</b> | <b>\$ 17,941,920</b> | <b>\$ 9,331,792</b> | <b>\$ 3,224,916</b>    | <b>\$ 50,245,150</b> | <b>\$ 4,925,697</b>    |

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2022

|  | Enterprise Funds    |                     |                     |                   |                      | Governmental<br>Activities |
|--|---------------------|---------------------|---------------------|-------------------|----------------------|----------------------------|
|  | Sewer Fund          | Water Fund          | City Water          | Nonmajor          | Total                | Internal                   |
|  |                     |                     | Fund                | (Marina Fund)     |                      | Service Funds              |
| <b>Cash Flows from Operating Activities</b>  |                     |                     |                     |                   |                      |                            |
| Receipts from customers  | \$ 2,298,422        | \$ 6,521,910        | \$ 1,044,830        | \$ 819,736        | \$ 10,684,898        | \$ 3,033,250               |
| Receipts (payments) from interfund services and reimbursements                               | 210,381             | (200,000)           | 10,139              | -                 | 20,520               | (5,400)                    |
| Payments to suppliers  | (1,268,606)         | (1,914,349)         | (1,150,943)         | (370,639)         | (4,704,537)          | (1,128,559)                |
| Payments to employees and fringes  | (194,581)           | (2,183,986)         | (79,033)            | (313,226)         | (2,770,826)          | (225,600)                  |
| Claims paid  | -                   | -                   | -                   | -                 | -                    | (1,097,287)                |
| Other payments   | (4,412)             | (10)                | (989,257)           | (653)             | (994,332)            | (1,389)                    |
| Net cash and cash equivalents provided by (used in) operating activities                     | 1,041,204           | 2,223,565           | (1,164,264)         | 135,218           | 2,235,723            | 575,015                    |
| <b>Cash Flows from Noncapital Financing Activities</b>                                       |                     |                     |                     |                   |                      |                            |
| Transfers from other funds   | 230,925             | -                   | 250,426             | -                 | 481,351              | -                          |
| Transfers to other funds   | (300,000)           | -                   | (75,000)            | -                 | (375,000)            | -                          |
| Net cash and cash equivalents (used in) provided by noncapital financing activities          | (69,075)            | -                   | 175,426             | -                 | 106,351              | -                          |
| <b>Cash Flows from Capital and Related Financing Activities</b>                              |                     |                     |                     |                   |                      |                            |
| Issuance of bonds  | -                   | -                   | 1,267,513           | -                 | 1,267,513            | -                          |
| Receipt of capital grants  | -                   | -                   | 1,430,955           | -                 | 1,430,955            | -                          |
| Special assessment collections   | 26,614              | -                   | 15,599              | -                 | 42,213               | -                          |
| Proceeds from sale of capital assets   | -                   | -                   | -                   | -                 | -                    | 76,245                     |
| Purchase of capital assets   | (967,719)           | (46,426)            | (1,729,721)         | (455,430)         | (3,199,296)          | (258,780)                  |
| Principal and interest paid on capital debt  | (525,583)           | (1,515,378)         | (300,444)           | -                 | (2,341,405)          | (11,103)                   |
| Net cash and cash equivalents (used in) provided by capital and related financing activities | (1,466,688)         | (1,561,804)         | 683,902             | (455,430)         | (2,800,020)          | (193,638)                  |
| <b>Cash Flows Provided by Investing Activities</b> - Interest received on investments        | 9,016               | 11,441              | 2,973               | 1,628             | 25,058               | 3,067                      |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>                                  | (485,543)           | 673,202             | (301,963)           | (318,584)         | (432,888)            | 384,444                    |
| <b>Cash and Cash Equivalents - Beginning of year</b>   | 6,631,436           | 7,611,623           | 1,338,611           | 1,175,758         | 16,757,428           | 3,047,973                  |
| <b>Cash and Cash Equivalents - End of year</b>   | <u>\$ 6,145,893</u> | <u>\$ 8,284,825</u> | <u>\$ 1,036,648</u> | <u>\$ 857,174</u> | <u>\$ 16,324,540</u> | <u>\$ 3,432,417</u>        |
| <b>Classification of Cash and Cash Equivalents</b>   |                     |                     |                     |                   |                      |                            |
| Cash and investments   | \$ 1,938,831        | \$ 8,284,825        | \$ 1,036,648        | \$ 857,174        | \$ 12,117,478        | \$ 3,432,417               |
| Restricted cash  | 4,207,062           | -                   | -                   | -                 | 4,207,062            | -                          |
| <b>Total cash and cash equivalents</b>   | <u>\$ 6,145,893</u> | <u>\$ 8,284,825</u> | <u>\$ 1,036,648</u> | <u>\$ 857,174</u> | <u>\$ 16,324,540</u> | <u>\$ 3,432,417</u>        |

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2022

|   | Enterprise Funds    |                     |                       |                   |                     | Governmental      |
|---|---------------------|---------------------|-----------------------|-------------------|---------------------|-------------------|
|   | Sewer Fund          | Water Fund          | City Water            | Nonmajor          | Total               | Internal          |
|   |                     |                     | Fund                  | (Marina Fund)     |                     | Service Funds     |
| <b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>  |                     |                     |                       |                   |                     |                   |
| Operating income (loss)   | \$ 696,777          | \$ 1,681,346        | \$ (615,970)          | \$ 65,326         | \$ 1,827,479        | \$ 28,342         |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                     |                     |                       |                   |                     |                   |
| Depreciation  | 170,422             | 678,312             | 284,521               | 63,171            | 1,196,426           | 538,440           |
| Changes in assets and liabilities:  |                     |                     |                       |                   |                     |                   |
| Receivables   | (61,255)            | 389                 | (1,002,611)           | (653)             | (1,064,130)         | (1,389)           |
| Due to and from other funds   | 210,381             | (200,000)           | 10,139                | -                 | 20,520              | (5,400)           |
| Inventories   | (74)                | (11,655)            | -                     | (32,684)          | (44,413)            | (17,381)          |
| Prepaid and other assets  | -                   | -                   | -                     | -                 | -                   | 31,142            |
| Net pension or OPEB asset   | 5,745               | 127,777             | 2,133                 | 18,450            | 154,105             | 2,555             |
| Accounts payable  | 19,208              | (52,604)            | 157,524               | 21,608            | 145,736             | (1,294)           |
| Total adjustments   | 344,427             | 542,219             | (548,294)             | 69,892            | 408,244             | 546,673           |
| Net cash and cash equivalents provided by (used in) operating activities                | <u>\$ 1,041,204</u> | <u>\$ 2,223,565</u> | <u>\$ (1,164,264)</u> | <u>\$ 135,218</u> | <u>\$ 2,235,723</u> | <u>\$ 575,015</u> |

The City had a noncash transaction related to its investment in the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant.

Fiduciary Funds  
Statement of Fiduciary Net Position

**June 30, 2022**

|  | Pension Trust<br>Fund | Custodial Funds | Total Fiduciary<br>Funds |
|--|-----------------------|-----------------|--------------------------|
| <b>Assets</b>                                |                       |                 |                          |
| Cash and cash equivalents                    | \$ 343,276            | \$ 22,089       | \$ 365,365               |
| Investments:                                 |                       |                 |                          |
| Fixed income                                 | 28,232,019            | -               | 28,232,019               |
| Equities                                     | 40,516,885            | -               | 40,516,885               |
| Receivables                                  | 27,665                | -               | 27,665                   |
| Total assets                                 | 69,119,845            | 22,089          | 69,141,934               |
| <b>Liabilities</b> - Accounts payable        | 61,499                | 22,089          | 83,588                   |
| <b>Net Position</b> - Restricted for pension | <b>\$ 69,058,346</b>  | <b>\$ -</b>     | <b>\$ 69,058,346</b>     |



Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

|  | Pension Trust<br>Fund | Custodial Funds | Total Fiduciary<br>Funds |
|--|-----------------------|-----------------|--------------------------|
| <b>Additions</b>   |                       |                 |                          |
| Investment income (loss):                                      |                       |                 |                          |
| Interest and dividends   | \$ 8,346,777          | \$ -            | \$ 8,346,777             |
| Net decrease in fair value of investments                      | (16,867,696)          | -               | (16,867,696)             |
| Investment costs   | (274,359)             | -               | (274,359)                |
| Net investment loss  | (8,795,278)           | -               | (8,795,278)              |
| Contributions:   |                       |                 |                          |
| Employer contributions   | 1,095,062             | -               | 1,095,062                |
| Employee contributions   | 370,388               | -               | 370,388                  |
| Total contributions  | 1,465,450             | -               | 1,465,450                |
| Property tax collections for other governments                 | -                     | 15,091,634      | 15,091,634               |
| Total additions  | (7,329,828)           | 15,091,634      | 7,761,806                |
| <b>Deductions</b>  |                       |                 |                          |
| Benefit payments   | 4,103,678             | -               | 4,103,678                |
| Refunds of contributions                                       | 44,351                | -               | 44,351                   |
| Administrative expenses  | 85,554                | -               | 85,554                   |
| Tax distributions to other governments                         | -                     | 15,091,634      | 15,091,634               |
| Total deductions   | 4,233,583             | 15,091,634      | 19,325,217               |
| <b>Net Decrease Restricted for Pension</b>                     | (11,563,411)          | -               | (11,563,411)             |
| <b>Net Position Restricted for Pension - Beginning of year</b> | 80,621,757            | -               | 80,621,757               |
| <b>Net Position Restricted for Pension - End of year</b>       | <b>\$ 69,058,346</b>  | <b>\$ -</b>     | <b>\$ 69,058,346</b>     |

Component Units  
Statement of Net Position

June 30, 2022

|   | Downtown<br>Development<br>Authority | Housing<br>Commission | Brownfield<br>Redevelopment<br>Authority | Total               |
|---|--------------------------------------|-----------------------|--|---------------------|
| <b>Assets</b>   |                                      |                       |  |                     |
| Cash and cash equivalents (Note 3)                                      | \$ 66,253                            | \$ 67,449             | \$ 81,594                                | \$ 215,296          |
| Receivables   | -                                    | 31,863                | -  | 31,863              |
| Inventory   | -                                    | 19,861                | -  | 19,861              |
| Prepaid expenses  | -                                    | 87,458                | -  | 87,458              |
| Capital assets:   |                                      |                       |  |                     |
| Assets not subject to depreciation (Note 4)                             | -                                    | 19,800                | -  | 19,800              |
| Assets subject to depreciation - Net (Note 4)                           | -                                    | 1,817,622             | -  | 1,817,622           |
| Total assets  | 66,253                               | 2,044,053             | 81,594                                   | 2,191,900           |
| <b>Deferred Outflows of Resources</b> - Deferred pension costs          | -                                    | 16,152                | -  | 16,152              |
| <b>Liabilities</b>  |                                      |                       |  |                     |
| Accounts payable  | -                                    | 72,288                | -  | 72,288              |
| Accrued liabilities and other   | 629                                  | 41,451                | -  | 42,080              |
| Unearned revenue  | -                                    | 2,832                 | -  | 2,832               |
| Noncurrent liabilities:   |                                      |                       |  |                     |
| Due within one year:  |                                      |                       |  |                     |
| Current portion of bonds and contracts payable (Note 6)                 | -                                    | 24,517                | -  | 24,517              |
| Due in more than one year:  |                                      |                       |  |                     |
| Compensated absences (Note 6)   | -                                    | 1,712                 | -  | 1,712               |
| Bonds and contracts payable - Net of current portion (Note 6)           | -                                    | 19,889                | -  | 19,889              |
| Total liabilities   | 629                                  | 162,689               | -  | 163,318             |
| <b>Deferred Inflows of Resources</b> - Deferred pension cost reductions | -                                    | 92,815                | -  | 92,815              |
| <b>Net Position</b>   |                                      |                       |  |                     |
| Net investment in capital assets  | -                                    | 1,793,016             | -  | 1,793,016           |
| Unrestricted  | 65,624                               | 11,685                | 81,594                                   | 158,903             |
| Total net position  | <u>\$ 65,624</u>                     | <u>\$ 1,804,701</u>   | <u>\$ 81,594</u>                         | <u>\$ 1,951,919</u> |

**City of St. Joseph, Michigan**

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|                                    | Program Revenue            |                          |                                    |                                  |
|------------------------------------|----------------------------|--------------------------|------------------------------------|----------------------------------|
|                                    | Expenses                   | Charges for Services     | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>          |                            |                          |                                    |                                  |
| Downtown Development Authority     | \$ 41,428                  | \$ -                     | \$ -                               | \$ -                             |
| Housing Commission                 | 1,056,547                  | 381,021                  | 380,104                            | -                                |
| Brownfield Redevelopment Authority | -                          | -                        | -                                  | -                                |
| Total component units              | <b><u>\$ 1,097,975</u></b> | <b><u>\$ 381,021</u></b> | <b><u>\$ 380,104</u></b>           | <b><u>\$ -</u></b>               |

General revenue:

- Taxes
- Investment earnings
- Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

Component Units  
Statement of Activities

Year Ended June 30, 2022

| Net (Expense) Revenue and Changes in Net Position |                       |  |                     |
|---|-----------------------|--|---------------------|
| Downtown<br>Development<br>Authority              | Housing<br>Commission | Brownfield<br>Redevelopment<br>Authority | Total               |
| \$ (41,428)                                       | \$ -                  | \$ -                                     | \$ (41,428)         |
| -   | (295,422)             | -  | (295,422)           |
| -   | -                     | -  | -                   |
| (41,428)  | (295,422)             | -  | (336,850)           |
| 55,481  | -                     | -  | 55,481              |
| 66  | 36                    | 10                                       | 112                 |
| -   | 110,416               | -  | 110,416             |
| 55,547  | 110,452               | 10                                       | 166,009             |
| 14,119  | (184,970)             | 10                                       | (170,841)           |
| 51,505  | 1,989,671             | 81,584                                   | 2,122,760           |
| <b>\$ 65,624</b>                                  | <b>\$ 1,804,701</b>   | <b>\$ 81,594</b>                         | <b>\$ 1,951,919</b> |

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The City of St. Joseph, Michigan (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 Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City.

***Reporting Entity***

The City operates with a city manager/commission form of government and provides services to its residents in many areas, including general government, public safety, water and sewer services, highways and streets, rubbish and trash disposal, planning and zoning, public improvements, culture, recreation, and general administrative services.

The City has elected a City Commission, which consists of the mayor, mayor pro tem, and three commissioners, with oversight of daily activities provided by the city manager.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

The component units described below should be included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The discretely presented component units are reported in a separate column on the government-wide financial statements to emphasize that they are legally separate from the City.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government.

**Fiduciary Component Unit**

*City of St. Joseph Employees' Retirement System*

The City of St. Joseph Employees' Retirement System (the "System") is governed by a five-member board, a majority of whom are appointed by the City Commission. Two members are elected by current employees. The System is a defined benefit pension plan that provides benefits to substantially all full-time employees of the City. Additional details of the System are included in Note 8. Separate audited financial statements are issued. The System is included in these statements as a fiduciary fund.

**Discretely Presented Component Units**

*Downtown Development Authority*

The Downtown Development Authority (the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is appointed by the City Commission. In addition, the Authority's budget is subject to approval by the City Commission. The Authority does not issue separate financial statements.

**Note 1 - Significant Accounting Policies (Continued)**

*St. Joseph Housing Commission*

The St. Joseph Housing Commission (the "Commission") is a nonprofit corporation that was organized under the laws of the State of Michigan. This component unit provides low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The fiscal year for the Housing Commission ends on March 31. The Commission's governing body, which consists of five individuals, is selected by the city mayor, with consent of the City Commission. The Commission is also considered a component unit due to the City's ability to impose its will by removing an appointed member. Complete financial reports can be obtained at 601 Port Street, St. Joseph, MI 49085.

*Brownfield Redevelopment Authority*

On May 12, 1997, the City created the Brownfield Redevelopment Authority (the "Redevelopment Authority") to revitalize selected environmentally distressed areas within the City's limits. The Redevelopment Authority's governing body, which consists of five individuals, is selected by the city mayor, with consent of the City Commission. In addition, the Redevelopment Authority's budget is subject to approval by the City Commission. The Redevelopment Authority does not issue separate financial statements.

**Joint Ventures**

The City participates in the following activities, which are considered joint ventures, with neighboring municipalities.

*Southwest Michigan Regional Airport Authority*

The City is a member of the Southwest Michigan Regional Airport Authority, which is a joint venture between four municipalities, including the City of St. Joseph, Michigan, and was established to oversee the airport operations for these municipalities. The City provides 35.78 percent of the total funding to the authority. The City of St. Joseph, Michigan's equity interest for the year ended June 30, 2022 was \$8,872,856. Separate audited financial statements for their year ended June 30, 2022 can be obtained from the Southwest Michigan Regional Airport Authority upon request.

*Benton Harbor - St. Joseph Joint Wastewater Treatment Plant*

The City is a member of the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant, which is a joint venture between the City of Benton Harbor, Michigan and the City of St. Joseph, Michigan, and was established to provide sanitary sewage treatment and collection services for the residents of both cities. The City's equity interest in the amount of \$14,586,490 is recorded in the Sewer Fund and in the business-type activities in the government-wide financial statements. A copy of the most recent available separately audited financial statements for their year ended June 30, 2022 is available at the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant's administrative offices.

**Jointly Governed Organization**

*Community Emergency Services, Inc., Operating as Medic 1 Ambulance (Nonprofit)*

The City of St. Joseph, Michigan is a member of Medic 1 Ambulance, but the City does not have an ongoing financial interest or ongoing financial responsibility. The City is entitled to the rights and privileges of one voting board member. Medic 1 Ambulance is organized for the purpose of providing emergency ambulance services to surrounding communities. The City's contribution for the year ended June 30, 2022 was \$53,249.

**Note 1 - Significant Accounting Policies (Continued)**

***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, as applicable. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

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 revenue includes: (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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

***Fund Accounting***

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Street Improvement Fund is used to account for the activities related to street infrastructure improvements, which are financed primarily through tax revenue.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The Sewer Fund is used to account for the activities related to the maintenance of the sanitary system and pays for the treatment of wastewater. The costs (expenses, including depreciation) are financed and recovered primarily through user charges.

**Note 1 - Significant Accounting Policies (Continued)**

- The Water Fund is used to account for activities associated with the general operation of the combined City and Authority water systems, as described in the water service agreement. These activities include water production and treatment; billing and recordkeeping; meter installation, reading, maintenance, and replacement; system-wide distribution maintenance, operations, and repair activities; and activities of certain major transmission facilities; and the administration and management of these activities, including state-mandated water testing. These exclude distribution system construction and replacement activities, which are the responsibility of the owners of the individual distribution systems, including the replacement of lead water services. The costs (expenses, including depreciation) are financed and recovered primarily through system-wide user charges.
- The City Water Fund is used to account for activities associated with the construction and replacement of elements of the city water distribution system, which is the responsibility of the City under the water service agreement. This includes the installation of new water mains, replacement of existing mains and public services, and replacement of lead water services within the city system. The costs (expenses, including depreciation) are financed and recovered primarily through user charges levied on city users.

The City's internal service funds are used to account for self-insurance, fleet maintenance, and employee health care provided to other departments on a cost-reimbursement basis.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs.

- The City reports a trust fund to account for the City of St. Joseph Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees of the City of St. Joseph, Michigan; the City of St. Joseph Housing Commission; and the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant.
- The City utilizes a custodial fund to account for assets held by the City in a trustee capacity. Custodial funds are custodial in nature and do not involve measurement of results of operations.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities).

**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 (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, 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. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.



**Note 1 - Significant Accounting Policies (Continued)**

***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 City 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.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is 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: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow, if applicable.

Proprietary funds and fiduciary funds, as applicable, 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.

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Investments**

Investments are reported at fair value or estimated fair value and consist of pension fund securities, mutual funds, municipal bonds, and certificates of deposit with an original maturity date of more than three months. Short-term investments are reported at cost, which approximates fair value.

**Due from Other Governmental Units**

Due from other governmental units primarily consists of amounts due from the State of Michigan for various payments and grants and receivables for charges for services provided to local governmental units.

**Receivables**

Receivables primarily consist of amounts due related to charges for services, interest receivable, and other amounts owed to the City at year end. No allowances have been made for uncollectible amounts.

**Inventories**

Inventories are valued at a first-in, first-out cost basis. Inventories of governmental funds are reported as expenditures when consumed rather than when purchased.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Note 1 - Significant Accounting Policies (Continued)**

**Restricted Assets**

Unspent debt proceeds are set aside for future purchases. These amounts have been classified as restricted noncurrent assets.

**Capital Assets**

Capital assets are reported in the government-wide financial statements under the governmental activities, business-type activities, and component units columns. Capital assets are defined by the City as assets with an initial individual cost of more than \$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 acquisition value at the date of donation.

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

|                            | Depreciable Life -<br>Years |
|----------------------------|-----------------------------|
| Buildings and improvements | 20-50                       |
| Furniture and equipment    | 5-50                        |
| Vehicles                   | 5-30                        |
| Utilities systems          | 10-60                       |
| Infrastructure             | 25-60                       |
| Library books              | 5-10                        |

**Unearned Revenue**

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided.

**Long-term Obligations**

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

The Berrien County revolving loan, Bluffside installment loan, fire truck installment loan, and compensated absences liabilities are normally liquidated by the General Fund. The leaf vacuum installment loan was liquidated by the Motor Pool (internal service) Fund and was paid off during the current fiscal year. The library renovation lease is liquidated by the Public Library (special revenue) Fund.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to the pension and retiree health care plans, which are reported in the government-wide financial statements.

**Note 1 - Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports one type of item that qualifies for reporting in this category. The government-wide statements report deferred inflows related to the pension and retiree health care plans.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted 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 Assumptions**

The City will sometimes 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. Furthermore, 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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**Note 1 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City has, by resolution, authorized the finance director to assign fund balance. The City Commission 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 exist only 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.

The fund balance policy prescribes the minimum fund balance as no less than 20 percent of the budgeted expenditures of the General Fund, plus 100 percent of the budgeted debt service expenditures. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year. If the unassigned audited fund balance for the previous fiscal year falls below 20 percent of budgeted expenditures, the General Fund budget for the following years will be amended to restore fund balance to the 20 percent level. If the unassigned fund balance exceeds 20 percent of budgeted expenditures, the City Commission may consider one or more of the following uses for the portion of fund balance in excess of 20 percent: (1) retain funds in the General Fund, (2) transfer funds to the Capital Improvement Fund for future projects, or (3) pay down debt service. The City Commission must formally direct this action.

**Property Tax Revenue**

City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 the following year. The taxes are due, without penalty, on or before September 15. Real property taxes not collected as of March 1 are turned over to Berrien County, Michigan (the "County") for collection. The County advances the City 100 percent of the delinquent taxes on real property. The City has delegated the collection of property taxes to the county treasurer. The City recognizes property taxes as revenue when they are levied on July 1 because, at that point, the taxes are both measurable and available.

The City is permitted to levy up to 20.0000 mills (\$20 per \$1,000 of taxable valuation), reduced by Headlee to 15.5712 mills, for general governmental services other than the payment of principal and interest on long-term debt. It is also permitted to levy additional mills specifically designated for library, band, rubbish, airport, and debt service. For the year ended June 30, 2022, the City levied 11.5000 mills for general governmental services, 3.5500 mills for streets, 0.7809 mills for library services, 0.2500 mills for municipal band, 1.8774 mills for rubbish collection, 0.2444 mills for airport services, and 0.7000 mills for debt service. The total taxable value for the 2021 levy for the property within the City was \$507,617,777.

**Pension**

The City offers a defined benefit pension plan to its employees. The City records a net pension asset for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of St. Joseph Employees' Retirement System 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 except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Other Postemployment Benefit Costs**

The City offers retiree health care benefits to retirees. The City does not have a corresponding trust and, therefore, records the total OPEB liability calculated by the actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

**Note 1 - Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)**

Amounts of vested or accumulated vacation leave and compensated time are accrued in the government-wide and proprietary fund financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "termination leave" prior to retirement. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncement**

During the current year, the City adopted GASB Statement No. 87, *Leases*. The pronouncement did not have a significant impact on the City, with no adjustments to liabilities or assets.

**Upcoming Accounting Pronouncements**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending December 31, 2024.

**Note 2 - Stewardship, Compliance, and Accountability**

**Construction Code Fees**

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 or shortfall generated since January 1, 2000 is as follows:

|                                     |            |                   |
|-------------------------------------|------------|-------------------|
| Cumulative surplus at July 1, 2021  |            | \$ 320,934        |
| Current year permit revenue         |            | 452,990           |
| Related expenses:                   |            |                   |
| Public safety                       | \$ 273,189 |                   |
| Code enforcement                    | 82,516     | 355,705           |
|                                     |            | <u>97,285</u>     |
| Current year surplus                |            | <u>97,285</u>     |
| Cumulative surplus at June 30, 2022 |            | <u>\$ 418,219</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 law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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.

The Michigan Public Employees' Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the City of St. Joseph Employees' Retirement System to invest in stocks, government and corporate securities, mortgages, real estate, and other various investment instruments, subject to certain limitations. The board of trustees shall be the trustee of the assets of the retirement system and shall have full power to invest and reinvest such assets in accordance with provisions of Act 314 of the Public Acts of 1965, as amended. The board of trustees may employ investment counseling services and other services as it shall determine to be necessary in the proper operation of the System. The compensation for such services shall be subject to the approval of the city manager and the City Commission. All investment decisions are subject to Michigan law and the investment policy established by the City Commission.

The City has designated five banks for the deposit of its funds. The investment policy adopted by the City Commission in accordance with Public Act 196 of 1997 has authorized investment in the items listed above. The City's deposits and investments are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that all security transactions, including financial deposits, entered into by the City shall be on a cash basis.

At year end, the City had bank deposits totaling approximately \$40,015,000 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.



**Note 3 - Deposits and Investments (Continued)**

The carrying amount of the component units' deposits was approximately \$215,000, which consists of approximately \$66,000 for the Downtown Development Authority, approximately \$67,000 for the St. Joseph Housing Commission, and approximately \$82,000 for the Brownfield Redevelopment Authority. A portion of the component unit's cash is held by the City as part of pooled cash. As a result, the insured and uninsured amounts cannot be determined.

The System's cash is held by the City in a savings account at a financial institution under the City's employee identification number, along with other bank accounts under the City's control. As a result, the insured and uninsured amounts of the System's deposits cannot be determined. The carrying value on the books at the end of the year was approximately \$343,276.

***Custodial Credit Risk of Investments***

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. The City's investment policy indicates the City will minimize custodial credit risk by annually requiring an examination of investments and the investment policy and requiring authorized investment officials to follow the "prudent person" standard.

The System's investment policy does not address custodial credit risk of investments. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds and investments in mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

The City's investment policy minimizes interest rate risk by designing its portfolio with the objective to attain a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

The System's investment policy does not address interest rate risk.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of June 30, 2022, the City did not have any investments that would be subject to rating.

The System's investment policy does not further limit its investment choices.

***Concentration of Credit Risk***

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer.

The City's investment policy minimizes concentration of credit risk by diversifying its investments by maturity dates, individual financial institution, or a specific class of security to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The System's investment policy requires that investment in a single issuer shall not exceed 5 percent of the total fair value of the fund. At June 30, 2022, the System's investments were within that range.

The System's investment policy provides that no more than 60 percent of the total investments may be in equity holdings and no more than 40 percent in fixed-income securities. As of June 30, 2022, the System's equity holdings accounted for 60 percent of the total investment portfolio and the System's holdings in fixed-income securities were 40 percent.

**Note 3 - Deposits and Investments (Continued)**

The System’s investment policy provides that its investments must maintain a dollar-weighted average credit rating of A1/A+ or better by Moody’s and Standard & Poor’s rating services, respectively. In addition, the minimum acceptable credit quality rating for a particular bond shall be investment grade (Baa/BBB, respectively). At June 30, 2022, the System did not have investments in individual bonds. As of June 30, 2022, rating information on the System’s mutual funds investments is presented below:

| S&P Rating | Corporate Bonds<br>Mutual Funds | Equity Mutual<br>Funds |
|------------|---------------------------------|------------------------|
| AAA        | 42.02 %                         | - %                    |
| AA         | 2.78                            | -                      |
| A          | 12.07                           | -                      |
| BBB        | 14.63                           | -                      |
| BB         | 5.55                            | -                      |
| B          | 8.47                            | -                      |
| Below B    | 2.41                            | -                      |
| Not rated  | 12.07                           | 100.00                 |

**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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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 measurements as of June 30, 2022:

- Money market mutual funds of approximately \$1,046,000 are valued using quoted market prices (Level 1 inputs).

The System has the following recurring fair value measurements as of June 30, 2022:

- Corporate bonds mutual funds of approximately \$28,232,000 are valued using quoted market prices (Level 1 inputs).
- Equity mutual funds of approximately of \$40,517,000 are valued using quoted market prices (Level 1 inputs).

The City entered into a capital lease for purposes of financing library building renovations. As part of the financing agreement, an escrow fund was established whereby the proceeds from the capital lease are held by an agent. The agent has invested the proceeds in a money market mutual fund of approximately \$732,000 at June 30, 2022, which was valued using quoted market prices (Level 1 inputs).

As permitted by state statutes, the City has also placed moneys for investment with the Berrien Community Foundation (BCF). These moneys, amounting to approximately \$241,000 as of June 30, 2022, are pooled with other BCF funds and invested at the discretion of BCF, which, for purposes of the City, essentially functions as an external investment pool. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.



June 30, 2022

**Note 4 - Capital Assets**

Capital asset activity of the City's governmental and business-type activities, as well as component units, were as follows:

**Governmental Activities**

|  | Balance<br>July 1, 2021 | Reclassifications | Additions    | Disposals   | Balance<br>June 30, 2022 |
|--|-------------------------|-------------------|--------------|-------------|--------------------------|
| Capital assets not being depreciated:      |                         |                   |              |             |                          |
| Land                                       | \$ 11,899,202           | \$ -              | \$ -         | \$ -        | \$ 11,899,202            |
| Construction in progress                   | 1,456,802               | (2,244,665)       | 1,879,372    | -           | 1,091,509                |
| Historical art                             | 291,325                 | -                 | -            | -           | 291,325                  |
| Subtotal                                   | 13,647,329              | (2,244,665)       | 1,879,372    | -           | 13,282,036               |
| Capital assets being depreciated:          |                         |                   |              |             |                          |
| Infrastructure                             | 24,289,919              | 2,244,665         | -            | -           | 26,534,584               |
| Buildings and improvements                 | 26,137,618              | -                 | 75,560       | -           | 26,213,178               |
| Furniture and equipment                    | 5,628,129               | -                 | 98,219       | (103,292)   | 5,623,056                |
| Vehicles                                   | 7,021,882               | -                 | 234,393      | (839,848)   | 6,416,427                |
| Land improvements                          | 10,655,203              | -                 | -            | -           | 10,655,203               |
| Subtotal                                   | 73,732,751              | 2,244,665         | 408,172      | (943,140)   | 75,442,448               |
| Accumulated depreciation:                  |                         |                   |              |             |                          |
| Infrastructure                             | 11,807,141              | -                 | 511,714      | -           | 12,318,855               |
| Buildings and improvements                 | 8,484,320               | -                 | 586,692      | -           | 9,071,012                |
| Furniture and equipment                    | 2,271,703               | -                 | 306,668      | (102,278)   | 2,476,093                |
| Vehicles                                   | 3,598,381               | -                 | 767,624      | (755,280)   | 3,610,725                |
| Land improvements                          | 4,682,214               | -                 | 258,427      | -           | 4,940,641                |
| Subtotal                                   | 30,843,759              | -                 | 2,431,125    | (857,558)   | 32,417,326               |
| Net capital assets being depreciated       | 42,888,992              | 2,244,665         | (2,022,953)  | (85,582)    | 43,025,122               |
| Net governmental activities capital assets | \$ 56,536,321           | \$ -              | \$ (143,581) | \$ (85,582) | \$ 56,307,158            |

June 30, 2022

**Note 4 - Capital Assets (Continued)**

***Business-type Activities***

|   | Balance<br>July 1, 2021 | Reclassifications | Additions           | Balance<br>June 30, 2022 |
|---|-------------------------|-------------------|---------------------|--------------------------|
| Capital assets not being depreciated:       |                         |                   |                     |                          |
| Land  | \$ 956,870              | \$ -              | \$ -                | \$ 956,870               |
| Construction in progress                    | 1,487,207               | (2,890,859)       | 2,675,964           | 1,272,312                |
| Subtotal                                    | 2,444,077               | (2,890,859)       | 2,675,964           | 2,229,182                |
| Capital assets being depreciated:           |                         |                   |                     |                          |
| Water and sewer lines                       | 42,092,196              | 2,890,859         | -                   | 44,983,055               |
| Buildings and improvements                  | 17,646,652              | -                 | -                   | 17,646,652               |
| Furniture and equipment                     | 1,281,793               | -                 | 537,857             | 1,819,650                |
| Vehicles                                    | 22,215                  | -                 | -                   | 22,215                   |
| Land improvements                           | 3,339,816               | -                 | -                   | 3,339,816                |
| Subtotal                                    | 64,382,672              | 2,890,859         | 537,857             | 67,811,388               |
| Accumulated depreciation:                   |                         |                   |                     |                          |
| Water and sewer lines                       | 6,742,491               | -                 | 845,948             | 7,588,439                |
| Buildings and improvements                  | 9,215,840               | -                 | 230,796             | 9,446,636                |
| Furniture and equipment                     | 840,434                 | -                 | 59,681              | 900,115                  |
| Vehicles                                    | 22,215                  | -                 | -                   | 22,215                   |
| Land improvements                           | 1,484,323               | -                 | 60,001              | 1,544,324                |
| Subtotal                                    | 18,305,303              | -                 | 1,196,426           | 19,501,729               |
| Net capital assets being depreciated        | 46,077,369              | 2,890,859         | (658,569)           | 48,309,659               |
| Net business-type activities capital assets | <u>\$ 48,521,446</u>    | <u>\$ -</u>       | <u>\$ 2,017,395</u> | <u>\$ 50,538,841</u>     |

***Component Unit - Housing Commission***

|   | Balance<br>April 1, 2021 | Reclassifications | Additions           | Disposals     | Balance<br>March 31, 2022 |
|---|--------------------------|-------------------|---------------------|---------------|---------------------------|
| Capital assets not being depreciated - Land           | \$ 19,800                | \$ -              | \$ -                | \$ -          | \$ 19,800                 |
| Capital assets being depreciated:                     |                          |                   |                     |               |                           |
| Buildings and improvements                            | 5,962,377                | -                 | -                   | -             | 5,962,377                 |
| Furniture and equipment - Dwelling                    | 33,900                   | -                 | -                   | -             | 33,900                    |
| Furniture and equipment - Administration              | 113,431                  | -                 | 5,727               | (1)           | 119,157                   |
| Subtotal  | 6,109,708                | -                 | 5,727               | (1)           | 6,115,434                 |
| Accumulated depreciation - Buildings and improvements | 4,141,462                | -                 | 156,350             | -             | 4,297,812                 |
| Net capital assets being depreciated                  | 1,968,246                | -                 | (150,623)           | (1)           | 1,817,622                 |
| Net capital assets                                    | <u>\$ 1,988,046</u>      | <u>\$ -</u>       | <u>\$ (150,623)</u> | <u>\$ (1)</u> | <u>\$ 1,837,422</u>       |

June 30, 2022

**Note 4 - Capital Assets (Continued)**

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

|  |                     |
|--|---------------------|
| Governmental activities:   |                     |
| General government   | \$ 520,281          |
| Public safety  | 364,583             |
| Public works   | 586,225             |
| Economic development   | 3,440               |
| Recreation and culture   | 418,156             |
| Internal service fund depreciation is charged to the various functions based on their usage of the asset | 538,440             |
|  | <u>2,431,125</u>    |
| Total governmental activities  | <u>\$ 2,431,125</u> |
| Business-type activities:  |                     |
| Water  | \$ 678,312          |
| Sewer  | 170,422             |
| City water   | 284,521             |
| Marina   | 63,171              |
|  | <u>1,196,426</u>    |
| Total business-type activities   | <u>\$ 1,196,426</u> |

**Construction Commitments**

The City is committed to contracts in the amount of approximately \$3,500,000. At June 30, 2022, the City is committed to the remaining spending of approximately \$2,100,000 related to various projects, as a total of approximately \$1,400,000 has been incurred to date.

**Note 5 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount     |
|-----------------|--------------|------------|
| Water Fund      | Sewer Fund   | \$ 200,000 |

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. The balance above at the end of the year is for transfers that have not yet cleared as of the balance sheet date.

**Note 5 - Interfund Receivables, Payables, and Transfers (Continued)**

Interfund transfers reported in the fund financial statements are composed of the following:

| Paying Fund (Transfer Out)  | Receiving Fund (Transfer In)      | Amount              |
|-----------------------------|-----------------------------------|---------------------|
| General Fund                | Nonmajor governmental funds       | \$ 1,667,800        |
| Street Improvement Fund     | Nonmajor governmental funds       | 1,900,000           |
| Nonmajor governmental funds | City Water Fund                   | 250,426             |
|                             | Sewer Fund                        | 155,925             |
|                             | Street Improvement Fund           | 126,150             |
|                             | Nonmajor governmental funds       | <u>165,000</u>      |
|                             | Total nonmajor governmental funds | 697,501             |
| City Water Fund             | Sewer Fund                        | 75,000              |
| Sewer Fund                  | Nonmajor governmental funds       | <u>300,000</u>      |
|                             | Total                             | <u>\$ 4,640,301</u> |

Transfers are used to move revenue from the fund that is required to collect it to the fund that is required or allowed to expend it; move receipts restricted to, or allowed for, debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

June 30, 2022

**Note 6 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

**Governmental Activities**

|   | Interest Rate | Year of Maturity | Beginning Balance | Additions  | Reductions     | Ending Balance | Due within One Year |
|---|---------------|------------------|-------------------|------------|----------------|----------------|---------------------|
| Bonds and contracts payable:                  |               |                  |                   |            |                |                |                     |
| Direct borrowings and direct placements:      |               |                  |                   |            |                |                |                     |
| 2003 State revolving fund bonds               | 2.500%        | 2024             | \$ 277,410        | \$ -       | \$ (95,000)    | \$ 182,410     | \$ 95,000           |
| 2004 State revolving fund bonds               | 2.125%        | 2025             | 506,902           | -          | (125,000)      | 381,902        | 125,000             |
| 2008 Bluffside installment loan               | 4.350%        | 2024             | 302,463           | -          | (108,387)      | 194,076        | 121,348             |
| 2016 Leaf vacuum capital lease                | 2.980%        | 2022             | 10,584            | -          | (10,584)       | -              | -                   |
| 2020 Library renovations lease                | 2.870%        | 2039             | 1,773,861         | -          | (48,000)       | 1,725,861      | 52,000              |
| 2021 Fire truck installment purchase          | 1.750%        | 2031             | 1,200,000         | -          | (112,907)      | 1,087,093      | 112,456             |
| Total direct borrowings and direct placements |               |                  | 4,071,220         | -          | (499,878)      | 3,571,342      | 505,804             |
| Other debt:                                   |               |                  |                   |            |                |                |                     |
| 2011 Refunding bonds                          | 4 - 4.125%    | 2027             | 1,860,000         | -          | (265,000)      | 1,595,000      | 280,000             |
| Bond premium                                  |               | 2027             | 19,675            | -          | (4,919)        | 14,756         | 4,919               |
| Total other debt                              |               |                  | 1,879,675         | -          | (269,919)      | 1,609,756      | 284,919             |
| Total bonds and contracts payable             |               |                  | 5,950,895         | -          | (769,797)      | 5,181,098      | 790,723             |
| Compensated absences                          |               |                  | 430,622           | 344,990    | (284,821)      | 490,791        | 324,619             |
| Total governmental activities long-term debt  |               |                  | \$ 6,381,517      | \$ 344,990 | \$ (1,054,618) | \$ 5,671,889   | \$ 1,115,342        |

June 30, 2022

**Note 6 - Long-term Debt (Continued)**

***Business-type Activities***

|  | Interest Rate    | Year of Maturity | Beginning Balance    | Additions           | Reductions            | Ending Balance       | Due within One Year |
|--|------------------|------------------|----------------------|---------------------|-----------------------|----------------------|---------------------|
| Bonds and contracts payable -                  |                  |                  |                      |                     |                       |                      |                     |
| Direct borrowings and direct placements:       |                  |                  |                      |                     |                       |                      |                     |
| 2008 Capital                                   |                  |                  |                      |                     |                       |                      |                     |
| Improvement bonds                              | 2.500%           | 2030             | \$ 1,600,496         | \$ -                | \$ (160,000)          | \$ 1,440,496         | \$ 165,000          |
| 2009 Clean Water Bonds                         | 2.500%           | 2030             | 121,000              | -                   | (10,000)              | 111,000              | 10,000              |
| 2009 Clean Water Bonds                         | 2.500%           | 2032             | 3,639,460            | -                   | (290,000)             | 3,349,460            | 300,000             |
| 2010 Clean Water Bonds                         | 2.500%           | 2032             | 795,000              | -                   | (65,000)              | 730,000              | 65,000              |
| 2012 Clean Water Bonds                         | 2.500%           | 2032             | 120,000              | -                   | (10,000)              | 110,000              | 10,000              |
| 2013 Clean Water Bonds                         | 2.000%           | 2033             | 168,702              | -                   | (10,000)              | 158,702              | 10,000              |
| 2017 Clean Water Bonds                         | 2.500%           | 2037             | 1,010,000            | -                   | (50,000)              | 960,000              | 55,000              |
| 2018 Clean Water Bonds                         | 2.000%           | 2041             | 16,095,000           | -                   | (660,000)             | 15,435,000           | 675,000             |
| 2019 Sanitary Sewer                            |                  |                  |                      |                     |                       |                      |                     |
| Bonds  | 2.380%           | 2046             | 3,225,000            | -                   | (90,000)              | 3,135,000            | 95,000              |
| 2020 Clean Water Bonds                         | 2.000%           | 2041             | 1,318,317            | -                   | (55,000)              | 1,263,317            | 60,000              |
| 2021 Clean Water Bonds                         | 2.125%           | 2052             | 389,586              | 1,267,513           | -                     | 1,657,099            | 50,864              |
| 2021 Sanitary Sewer                            |                  |                  |                      |                     |                       |                      |                     |
| System Bonds                                   | 2.250%           | 2046             | 4,315,000            | -                   | (140,000)             | 4,175,000            | 135,000             |
| Bond premium                                   |                  | 2046             | 151,459              | -                   | (6,424)               | 145,035              | 6,423               |
| Total direct borrowings and direct placement   |                  |                  | 32,949,020           | 1,267,513           | (1,546,424)           | 32,670,109           | 1,637,287           |
| Other debt - 2012 General obligation tax bonds | 2.900% to 3.350% | 2023             | 160,000              | -                   | (80,000)              | 80,000               | 80,000              |
| Total bonds and contracts payable              |                  |                  | 33,109,020           | 1,267,513           | (1,626,424)           | 32,750,109           | 1,717,287           |
| Compensated absences                           |                  |                  | 95,965               | 138,415             | (143,989)             | 90,391               | 90,391              |
| Total business-type activities long-term debt  |                  |                  | <u>\$ 33,204,985</u> | <u>\$ 1,405,928</u> | <u>\$ (1,770,413)</u> | <u>\$ 32,840,500</u> | <u>\$ 1,807,678</u> |

***Component Unit***

|   | Interest Rate | Year of Maturity | Beginning Balance April 1, 2021 | Additions       | Reductions         | Ending Balance March 31, 2022 | Due within One Year |
|---|---------------|------------------|---------------------------------|-----------------|--------------------|-------------------------------|---------------------|
| Bonds and contracts payable -   |               |                  |                                 |                 |                    |                               |                     |
| Direct borrowings and direct placements - 2013 Energy Services Note - |               |                  |                                 |                 |                    |                               |                     |
| Direct borrowings and direct placements:                              |               |                  |                                 |                 |                    |                               |                     |
| 2013 Energy Services Note   | 5.430%        | 2023             | \$ 68,425                       | \$ -            | \$ (24,019)        | \$ 44,406                     | \$ 24,517           |
| Compensated absences  |               |                  | 4,251                           | 6,152           | (8,691)            | 1,712                         | -                   |
| Total component unit  |               |                  | <u>\$ 72,676</u>                | <u>\$ 6,152</u> | <u>\$ (32,710)</u> | <u>\$ 46,118</u>              | <u>\$ 24,517</u>    |

**Note 6 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

| Years Ending<br>June 30 | Governmental Activities<br>(June 30, 2022) |                   |                     |                   |
|-------------------------|--|-------------------|---------------------|-------------------|
|                         | Direct Borrowings and Direct<br>Placements |                   | Other Debt          |                   |
|                         | Principal                                  | Interest          | Principal           | Interest          |
| 2023                    | \$ 505,804                                 | \$ 87,899         | \$ 280,000          | \$ 64,244         |
| 2024                    | 462,553                                    | 74,266            | 300,000             | 53,044            |
| 2025                    | 307,401                                    | 63,381            | 320,000             | 41,044            |
| 2026                    | 187,575                                    | 56,742            | 340,000             | 28,244            |
| 2027                    | 195,687                                    | 52,604            | 355,000             | 14,644            |
| 2028-2032               | 981,626                                    | 193,809           | -                   | -                 |
| 2033-2037               | 680,000                                    | 92,380            | -                   | -                 |
| 2038-2042               | 250,696                                    | 7,284             | -                   | -                 |
| 2043-2047               | -  | -                 | -                   | -                 |
| <b>Total</b>            | <b>\$ 3,571,342</b>                        | <b>\$ 628,365</b> | <b>\$ 1,595,000</b> | <b>\$ 201,220</b> |

| Years Ending<br>June 30 | Business-type Activities<br>(June 30, 2022) |                     |                  |                 |
|-------------------------|---|---------------------|------------------|-----------------|
|                         | Direct Borrowings and Direct<br>Placements  |                     | Other Debt       |                 |
|                         | Principal                                   | Interest            | Principal        | Interest        |
| 2023                    | \$ 1,630,864                                | \$ 710,667          | \$ 80,000        | \$ 1,340        |
| 2024                    | 1,666,000                                   | 675,042             | -                | -               |
| 2025                    | 1,715,000                                   | 635,285             | -                | -               |
| 2026                    | 1,750,000                                   | 596,403             | -                | -               |
| 2027                    | 1,790,000                                   | 555,584             | -                | -               |
| 2028-2032               | 9,154,956                                   | 2,146,561           | -                | -               |
| 2033-2037               | 6,948,702                                   | 1,268,208           | -                | -               |
| 2038-2042               | 6,133,318                                   | 537,181             | -                | -               |
| 2043-2047               | 1,736,234                                   | 122,822             | -                | -               |
| <b>Total</b>            | <b>\$ 32,525,074</b>                        | <b>\$ 7,247,753</b> | <b>\$ 80,000</b> | <b>\$ 1,340</b> |

| Years Ending<br>June 30 | Component Unit Activities - Housing<br>Commission<br>(March 31, 2022) |                 |
|-------------------------|---|-----------------|
|                         | Direct Borrowings and Direct<br>Placements                            |                 |
|                         | Principal   | Interest        |
| 2023                    | \$ 24,517   | \$ 1,883        |
| 2024                    | 19,889  | 525             |
| 2025                    | -   | -               |
| 2026                    | -   | -               |
| 2027                    | -   | -               |
| 2028-2032               | -   | -               |
| 2033-2037               | -   | -               |
| 2038-2042               | -   | -               |
| 2043-2047               | -   | -               |
| <b>Total</b>            | <b>\$ 44,406</b>  | <b>\$ 2,408</b> |

**Note 7 - Risk Management**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

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

The City also participates in a state pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, crime, and auto losses. The pool is organized under Public Act 138 of 1982, as amended. The state pool members' limits of coverage (per occurrence) are detailed in their policy agreements with the authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in the past three years.

**Note 8 - Pension Plan**

***Plan Description***

The City of St. Joseph Employees' Retirement System is a cost-sharing multiple-employer public employee retirement system that provides pension benefits to substantially all full-time employees of the City of St. Joseph, Michigan; the City of St. Joseph Housing Commission; and the Benton Harbor-St. Joseph Joint Wastewater Treatment Plant (collectively referred to as the "Employers").

The financial statements of the pension system are included in these financial statements as a pension trust fund (a fiduciary fund). The pension system issues a publicly available financial report that can be obtained at the City of St. Joseph at 700 Broad Street, St. Joseph, Michigan.

The System is administered by the City of St. Joseph Retirement System Board of Trustees (the "Board"). The Board consists of five members - one member selected from among the City Commission; the city manager; one police or fire member elected by the police and fire members; one general member elected by the general membership; and one resident, who is not a member, retiree, or beneficiary of the System, who is appointed by the City Commission. The term of office of the citizen trustee, police or fire member trustee, and general member trustee shall be three years, one such term to expire September 30 of each year.



**Note 8 - Pension Plan (Continued)**

***Benefits Provided***

The System provides retirement, disability, and death benefits to covered and noncovered plan members and their beneficiaries. Plan members are eligible for service-related disability or service-related death benefits regardless of length of service or age. The benefit amounts attribute to regular retirements and the conditions under which such benefits may be paid are described in tabular form below:

|                | Eligibility                        | Benefit Multiplier | Years of Service | Years of Final Average Compensation (FAC) | Member Contribution Rate | Covered |
|----------------|------------------------------------|--------------------|------------------|---|--------------------------|---------|
| General        | 60 and 10 or 30 years              | 2.25% - 0%         | 40               | 3   | 4.00%                    | Yes     |
| Wastewater     | 60 and 10 or 30 years              | 2.25% - 0%         | 40               | 3   | 4.00%                    | Yes     |
| Public works   | 60 and 10 or 30 years              | 2.25% - 0%         | 40               | 3   | 3.25%                    | Yes     |
| Library        | 60 and 10 or 30 years              | 2.25% - 0%         | 40               | 3   | 4.00%                    | Yes     |
| Housing        | 60 and 10 or 30 years              | 2.25% - 0%         | 40               | 3   | 4.00%                    | Yes     |
| Police patrol  | 60 and 10 or 25 years              | 2.50% - 0%         | 28               | 3   | 6.50%                    | No      |
| Police command | 60 and 10 or 50 and 25 years       | 2.50% - 0%         | 30               | 3   | 6.50%                    | No      |
| Fire           | 60 and 10 or 50 and 25 or 30 years | 2.70% - 0%         | 25               | 3   | 8.35%                    | No      |

Covered members consist of any member who is covered by the federal Social Security old-age survivors' and disability insurance program on account of employment with the City. Noncovered members consist of any member who is not covered by the federal Social Security old-age survivors' and disability insurance program on account of employment with the City.

**Deferred Retirement**

Members are eligible for benefits with 10 years of service. Benefits begin at age 60 for general members, and at age 50 for public safety members with 25 years of service. Retirement benefits are calculated as regular retirement.

**Duty Disability**

No age or service requirement for eligibility. Retirement benefits are calculated as regular retirement. Upon termination of worker's compensation, or age 65, whichever occurs first, additional service credit is granted, and benefit is recomputed. Benefit shall not be less than the amount of workers' compensation.

**Nonduty Disability**

Members are eligible for benefits with 10 years of service. Retirement benefits are calculated as regular retirement.

**Duty Death before Retirement**

No age or service requirement for eligibility. Upon termination of worker's compensation, a benefit equal to the workers' compensation amount shall be paid to the spouse, unmarried children under 18, and dependent parents.

**Nonduty Death before Retirement**

Members are eligible for benefits with 20 years of service or at age 55 with 10 years of service. Retirement benefits are calculated as regular retirement but actuarially reduced in accordance with a 100 percent joint and survivor election.

**Death after Retirement**

Firefighters are eligible. Spouse must have been married to the firefighter on the retirement date. Retirement benefits are calculated at 55 percent of the retiring firefighter's pension for the remainder of the spouse's lifetime.

**Note 8 - Pension Plan (Continued)**

**Plan Membership**

The following members of the System were covered by the benefit terms:

|  |     |
|--|-----|
| Retirees and beneficiaries receiving benefits                      | 140 |
| Terminated plan members entitled to but not yet receiving benefits | 6   |
| Active plan members  | 117 |
| Total  | 263 |

**Contributions**

State law requires public employers make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by contractual agreements with the plan members. The City's required contribution is determined after consideration of the required contribution rate for employees. Employees are required to contribute 4 percent of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2022 were between 0 and 27.43 percent, depending on division.

The City of St. Joseph, Michigan; St. Joseph Housing Commission; and Benton Harbor - St. Joseph Joint Wastewater Treatment Plant are required to contribute such additional amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The employers contributed \$1,095,062 for the year ended June 30, 2022. Of this amount, \$897,051 was contributed by the City.

**Net Pension Liability**

At June 30, 2022, the City reported a liability of \$4,907,701 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to the measurement date of June 30, 2022. The City's proportion of the net pension liability was based on the City's present value of future benefits as of June 30, 2022, relative to all other contributing employers. At June 30, 2022, the City's proportion was 86.33 percent.

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

For the year ended June 30, 2022, the City recognized pension expense of \$1,606,918.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience  | \$ 12,607                            | \$ 790,949                          |
| Changes in assumptions   | 140,648                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                 | 5,285,133                            | -                                   |
| Changes in proportionate share or difference between amount contributed and proportionate share of contributions | 2,431                                | 896                                 |
| Total  | \$ 5,440,819                         | \$ 791,845                          |

**Note 8 - Pension Plan (Continued)**

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

| Years Ending<br>June 30 | Amount              |
|-------------------------|---------------------|
| 2023                    | \$ 1,079,016        |
| 2024                    | 859,190             |
| 2025                    | 343,730             |
| 2026                    | 2,367,038           |
| Total                   | <u>\$ 4,648,974</u> |

**Actuarial Assumptions**

The total pension liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.5 percent (ranging from 3.63 to 6.50 percent), an investment rate of return (net of investment expenses) of 6.75 percent, and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Employers' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The nominal long-term expected rate of return for the System as a whole was 6.75 percent. The target allocation by asset class is as follows:

| Asset Class                       | Target Allocation | Long-term<br>Expected Real<br>Rate of Return |
|-----------------------------------|-------------------|--|
| SEI S&P 500 Index Fund            | 10.00 %           | 4.81 %                                       |
| SEI US Small/Mid Cap Equity Index | 3.00              | 5.58   |
| SEI World Equity Ex-US Fund       | 19.00             | 6.88   |
| SEI US Equity Factor              | 9.00              | 5.74   |
| SEI Global Low Beta Equities      | 15.00             | 4.82   |
| SEI Core Fixed Income Fund        | 22.00             | 1.76   |
| SEI Opportunistic Income Fund     | 5.00              | 0.68   |
| SEI Ultra Short Duration Fund     | 5.00              | (0.02)                                       |
| SEI US High Yield                 | 4.00              | 3.63   |
| SEI Emerging Market Debt Fund     | 4.00              | 4.95   |
| SEI Dynamic Asset Allocation Fund | 4.00              | 7.31   |

**Note 8 - Pension Plan (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 6.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|   | 1 Percentage<br>Point Decrease<br>(5.75%) | Current Discount<br>Rate<br>(6.75%) | 1 Percentage<br>Point Increase<br>(7.75%) |
|---|---|-------------------------------------|---|
| Net pension liability (asset) of the City of St. Joseph<br>Employees' Retirement System | \$ 12,990,101                             | \$ 4,907,701                        | \$ (1,798,224)                            |

The St. Joseph Housing Commission, a component unit of the City, is also a member of the System. All benefit terms and disclosures related to actuarial assumptions also apply to the Housing Commission. The Housing Commission's net pension asset as of March 31, 2022, the date of the Housing Commission's year end, was \$71,250. This liability is based on the Housing Commission's allocation of the System's liability at June 30, 2021. The Housing Commission also reports deferred outflows of \$9,106 and deferred inflows of \$77,789 at March 31, 2022.

**Note 9 - Other Postemployment Benefit Plan**

***Plan Description***

The City of St. Joseph Other Postemployment Benefits Plan is a single-employer defined benefit plan administered by the City. The benefits are provided in accordance with bargaining group agreement and other requirements. Plan benefit provisions were established and may be amended under the authority of the City Commission. The plan does not issue separate stand-alone financial statements.

***Benefits Provided***

The City provides certain retiree health care benefits to all applicable employees in accordance with union agreements and/or personnel policies. The City has eliminated postretirement health care for all employees except those public safety employees hired on or before June 30, 2012. Current retirees and those public safety employees hired on or before June 30, 2012 may elect to continue the City's health insurance benefit for themselves, their spouse, and dependents.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

| Date of member count  | June 30, 2021 |
|---|---------------|
| Inactive plan members or beneficiaries currently receiving benefits | 9             |
| Active plan members   | 8             |
|   | <hr/>         |
| Total plan members  | 17            |
|   | <hr/> <hr/>   |

***Contributions***

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. The City establishes contribution rates based on an actuarially determined rate per a funding valuation. For the fiscal year ended June 30, 2022, the City made payments for postemployment health benefit premiums of \$139,070. This is less than the actuarially determined contribution amount of \$283,541, causing a contribution deficiency of \$144,471. Employees are not required to contribute to the plan.

**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Total OPEB Liability**

The City's total OPEB liability of \$1,584,835 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021, which used update procedures to roll forward the estimated liability to June 30, 2022. The plan does not have a fiduciary net position; therefore, the liability reported in the financial statements is the total OPEB liability.

Changes in the total OPEB liability during the measurement year were as follows:

| Changes in Total OPEB Liability                    | Total OPEB Liability |
|--|----------------------|
| <b>Balance at July 1, 2021</b>                     | \$ 2,139,434         |
| Changes for the year:                              |                      |
| Service cost                                       | 66,726               |
| Interest   | 40,383               |
| Differences between expected and actual experience | (318,703)            |
| Changes in assumptions                             | (203,935)            |
| Contributions - Employer                           | (139,070)            |
| Net changes  | (554,599)            |
| <b>Balance at June 30, 2022</b>                    | <u>\$ 1,584,835</u>  |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the City recognized OPEB expense of \$4,844.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Difference between expected and actual experience | \$ -                           | \$ (167,475)                  |
| Changes in assumptions                            | 24,244                         | (99,690)                      |
| Total   | <u>\$ 24,244</u>               | <u>\$ (267,165)</u>           |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending<br>June 30 | Amount       |
|------------------------|--------------|
| 2023                   | \$ (242,921) |

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 3.50 percent; a health care cost trend rate of 7.50 percent, decreasing by 0.5 percent per year to an ultimate rate of 3.50 percent; and the Pub-2010 mortality tables, with future mortality improvements projected to 2025 using scale MP-2018. These assumptions were applied to all periods included in the measurement.

**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Discount Rate**

For plans that do not have formal assets, the single discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of determining the total OPEB liability as of June 30, 2022, the measurement date, the municipal bond rate is 3.69 percent (based on the daily rate closest to but no later than the measurement date of the Fidelity 20-Year Municipal GO AA Index). For the purpose of determining the total OPEB liability as of June 30, 2021, the municipal bond rate was 1.92 percent.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.69 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|   | 1 Percentage<br>Point Decrease<br>(2.69%) | Current<br>Discount Rate<br>(3.69%) | 1 Percentage<br>Point Increase<br>(4.69%) |
|---|---|-------------------------------------|---|
| Total OPEB liability of the City of St. Joseph Other Postemployment Benefits Plan | \$ 1,702,574                              | \$ 1,584,835                        | \$ 1,477,601                              |

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate**

The following presents the total OPEB liability of the City, calculated using the health care cost trend rate of 7.50 percent, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|   | 1 Percentage<br>Point Decrease<br>(6.50%) | Current Health<br>Care Cost Trend<br>Rate<br>(7.50%) | 1 Percentage<br>Point Increase<br>(8.50%) |
|---|---|--|---|
| Total OPEB liability of the City of St. Joseph Other Postemployment Benefits Plan | \$ 1,455,594                              | \$ 1,584,835   | \$ 1,728,291                              |

**Assumption Changes**

During the measurement year ended June 30, 2022, health care trend rates decreased from an initial trend of 8.25 percent, gradually decreasing to an ultimate trend rate of 4.50 percent in year 16, to an initial trend rate of 7.50 percent, gradually decreasing to an ultimate trend rate of 3.50 percent in year 12. For the year ended June 30, 2022, the single discount rate also increased from 1.92 percent to 3.69 percent.

**Note 10 - Fund Balance Constraints**

The detail of the various components of fund balance is as follows:

|                             | Primary Government  |                         |                      | Total                |
|-----------------------------|---------------------|-------------------------|----------------------|----------------------|
|                             | General Fund        | Street Improvement Fund | Nonmajor Funds       |                      |
| <b>Nonspendable:</b>        |                     |                         |                      |                      |
| Inventory                   | \$ 2,958            | \$ -                    | \$ 52,846            | \$ 55,804            |
| Prepays                     | 28,865              | -                       | 10,973               | 39,838               |
| Endowment purposes          | -                   | -                       | 551,286              | 551,286              |
| <b>Total nonspendable</b>   | <b>31,823</b>       | <b>-</b>                | <b>615,105</b>       | <b>646,928</b>       |
| <b>Restricted:</b>          |                     |                         |                      |                      |
| Roads                       | -                   | 4,296,374               | 3,371,591            | 7,667,965            |
| Public safety               | 418,219             | -                       | 15,008               | 433,227              |
| Sanitation                  | -                   | -                       | 369,117              | 369,117              |
| Debt service                | -                   | -                       | 438,515              | 438,515              |
| Cemetery                    | -                   | -                       | 121,709              | 121,709              |
| Library                     | -                   | -                       | 1,659,932            | 1,659,932            |
| Band                        | -                   | -                       | 316,992              | 316,992              |
| <b>Total restricted</b>     | <b>418,219</b>      | <b>4,296,374</b>        | <b>6,292,864</b>     | <b>11,007,457</b>    |
| <b>Committed:</b>           |                     |                         |                      |                      |
| Budget stabilization        | 1,000,000           | -                       | -                    | 1,000,000            |
| Equipment                   | -                   | -                       | 221,679              | 221,679              |
| <b>Total committed</b>      | <b>1,000,000</b>    | <b>-</b>                | <b>221,679</b>       | <b>1,221,679</b>     |
| Assigned - Capital projects | -                   | -                       | 4,707,914            | 4,707,914            |
| Unassigned                  | 3,051,803           | -                       | -                    | 3,051,803            |
| <b>Total fund balance</b>   | <b>\$ 4,501,845</b> | <b>\$ 4,296,374</b>     | <b>\$ 11,837,562</b> | <b>\$ 20,635,781</b> |

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## Required Supplemental Information

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Required Supplemental Information  
 Budgetary Comparison Schedule  
 General Fund

Year Ended June 30, 2022

|  | Original Budget | Amended Budget | Actual       | Variance with Amended Budget |
|--|-----------------|----------------|--------------|------------------------------|
| <b>Revenue</b>                             |                 |                |              |                              |
| Taxes                                      | \$ 6,212,400    | \$ 6,212,400   | \$ 6,238,961 | \$ 26,561                    |
| Intergovernmental                          | 1,081,800       | 1,081,800      | 1,321,117    | 239,317                      |
| Charges for services                       | 1,882,100       | 1,882,100      | 1,867,720    | (14,380)                     |
| Fines and forfeitures                      | 140,000         | 140,000        | 144,912      | 4,912                        |
| Licenses and permits                       | 422,900         | 422,900        | 601,831      | 178,931                      |
| Interest and rentals                       | 13,700          | 13,700         | (4,351)      | (18,051)                     |
| Other revenue                              | 14,100          | 14,100         | 82,100       | 68,000                       |
| Total revenue                              | 9,767,000       | 9,767,000      | 10,252,290   | 485,290                      |
| <b>Expenditures</b>                        |                 |                |              |                              |
| Current services:                          |                 |                |              |                              |
| General government:                        |                 |                |              |                              |
| Legislative (City Commission)              | 39,900          | 34,900         | 27,732       | 7,168                        |
| Chief executive (City Manager)             | 289,000         | 287,000        | 281,493      | 5,507                        |
| Purchasing                                 | 67,700          | 67,700         | 56,503       | 11,197                       |
| Treasurer                                  | 327,100         | 327,100        | 317,581      | 9,519                        |
| Assessing                                  | 120,000         | 123,000        | 117,536      | 5,464                        |
| Clerk                                      | 161,500         | 161,500        | 151,429      | 10,071                       |
| Buildings and grounds                      | 365,700         | 360,700        | 337,228      | 23,472                       |
| Attorney                                   | 137,400         | 137,400        | 134,381      | 3,019                        |
| Elections                                  | 130,300         | 122,300        | 99,291       | 23,009                       |
| Elections                                  | 110,000         | 115,000        | 113,416      | 1,584                        |
| Other                                      | 205,200         | 208,200        | 208,200      | -                            |
| Public safety:                             |                 |                |              |                              |
| Public safety department                   | 3,276,000       | 3,286,000      | 3,211,164    | 74,836                       |
| Fire department                            | 984,800         | 999,800        | 931,002      | 68,798                       |
| Code enforcement                           | 135,000         | 95,000         | 82,516       | 12,484                       |
| Building inspections and related           | 297,800         | 293,300        | 273,189      | 20,111                       |
| Public works:                              |                 |                |              |                              |
| Street lighting                            | 85,500          | 95,500         | 90,671       | 4,829                        |
| Department of public works                 | 233,100         | 239,100        | 231,506      | 7,594                        |
| City engineer                              | 230,000         | 238,200        | 227,183      | 11,017                       |
| Asset management                           | 89,000          | 100,000        | 75,675       | 24,325                       |
| Health and welfare - Ambulance             | 53,200          | 53,700         | 53,249       | 451                          |
| Community and economic development:        |                 |                |              |                              |
| Economic development                       | 60,000          | 61,000         | 60,844       | 156                          |
| Community development                      | 244,300         | 218,300        | 180,392      | 37,908                       |
| Communications                             | 86,800          | 66,800         | 32,691       | 34,109                       |
| Recreation and culture:                    |                 |                |              |                              |
| Parks                                      | 926,800         | 926,800        | 820,862      | 105,938                      |
| Ice arena                                  | 193,400         | 193,400        | 189,553      | 3,847                        |
| Lighthouse                                 | 5,700           | 9,700          | 1,277        | 8,423                        |
| City recreation program                    | 192,200         | 192,200        | 166,344      | 25,856                       |
| Debt service                               | 259,600         | 266,600        | 258,260      | 8,340                        |
| Total expenditures                         | 9,307,000       | 9,280,200      | 8,731,168    | 549,032                      |
| <b>Excess of Revenue Over Expenditures</b> | 460,000         | 486,800        | 1,521,122    | 1,034,322                    |

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund (Continued)

**Year Ended June 30, 2022**

|   | Original Budget     | Amended Budget      | Actual              | Variance with Amended Budget |
|---|---------------------|---------------------|---------------------|------------------------------|
| <b>Other Financing (Uses) Sources</b>   |                     |                     |                     |                              |
| Transfers out                           | \$ (460,000)        | \$ (1,727,800)      | \$ (1,667,800)      | \$ 60,000                    |
| Sale of capital assets                  | -                   | -                   | 14,250              | 14,250                       |
| Total other financing uses              | (460,000)           | (1,727,800)         | (1,653,550)         | 74,250                       |
| <b>Net Change in Fund Balance</b>       | -                   | (1,241,000)         | (132,428)           | 1,108,572                    |
| <b>Fund Balance - Beginning of year</b> | 3,445,442           | 3,445,442           | 3,445,442           | -                            |
| <b>Fund Balance - End of year</b>       | <b>\$ 3,445,442</b> | <b>\$ 2,204,442</b> | <b>\$ 3,313,014</b> | <b>\$ 1,108,572</b>          |

Required Supplemental Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 Street Improvement Fund

**Year Ended June 30, 2022**

|   | Original Budget     | Amended Budget      | Actual              | Variance with Amended Budget |
|---|---------------------|---------------------|---------------------|------------------------------|
| <b>Revenue</b>  |                     |                     |                     |                              |
| Taxes   | \$ 1,826,900        | \$ 1,826,900        | \$ 1,825,919        | \$ (981)                     |
| Intergovernmental                                     | 1,138,200           | 1,138,200           | 168,511             | (969,689)                    |
| Interest and rentals                                  | 1,200               | 1,200               | 4,878               | 3,678                        |
| Other revenue   | 7,500               | 7,500               | -                   | (7,500)                      |
| Total revenue   | 2,973,800           | 2,973,800           | 1,999,308           | (974,492)                    |
| <b>Expenditures - Current services - Public works</b> | 1,549,000           | 1,549,000           | 238,897             | 1,310,103                    |
| <b>Excess of Revenue Over Expenditures</b>            | 1,424,800           | 1,424,800           | 1,760,411           | 335,611                      |
| <b>Other Financing Sources (Uses)</b>                 |                     |                     |                     |                              |
| Transfers in  | 60,000              | 127,000             | 126,150             | (850)                        |
| Transfers out   | (2,584,200)         | (1,900,000)         | (1,900,000)         | -                            |
| Total other financing uses                            | (2,524,200)         | (1,773,000)         | (1,773,850)         | (850)                        |
| <b>Net Change in Fund Balance</b>                     | (1,099,400)         | (348,200)           | (13,439)            | 334,761                      |
| <b>Fund Balance - Beginning of year</b>               | 4,309,813           | 4,309,813           | 4,309,813           | -                            |
| <b>Fund Balance - End of year</b>                     | <u>\$ 3,210,413</u> | <u>\$ 3,961,613</u> | <u>\$ 4,296,374</u> | <u>\$ 334,761</u>            |

**City of St. Joseph, Michigan**

Required Supplemental Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 City of St. Joseph Employees' Retirement System

|  | <b>Last Eight Fiscal Years<br/>Years Ended June 30</b> |                |              |              |                |              |              |              |
|--|--|----------------|--------------|--------------|----------------|--------------|--------------|--------------|
|  | <u>2022</u>  | <u>2021</u>    | <u>2020</u>  | <u>2019</u>  | <u>2018</u>    | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  |
| City's proportion of the net pension liability   | 86.32900 %   | 86.09900 %     | 85.75700 %   | 85.91400 %   | 86.27300 %     | 83.29400 %   | 82.70100 %   | 83.85000 %   |
| City's proportionate share of the net pension liability (asset)  | \$ 4,907,701   | \$ (6,008,394) | \$ 3,347,748 | \$ 937,732   | \$ (1,006,484) | \$ (848,961) | \$ 2,794,494 | \$ (891,941) |
| City's covered payroll   | \$ 6,291,172   | \$ 5,928,496   | \$ 5,929,031 | \$ 5,586,257 | \$ 5,882,817   | \$ 3,447,246 | \$ 3,199,377 | \$ 2,999,915 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 78.01 %  | (101.35)%      | 56.46 %      | 16.79 %      | (17.11)%       | (24.63)%     | 87.34 %      | (29.73)%     |

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**City of St. Joseph, Michigan**

Required Supplemental Information  
Schedule of City Pension Contributions  
City of St. Joseph Employees' Retirement System

|  | <b>Last Eight Fiscal Years</b> |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Years Ended June 30</b>     |                    |                    |                    |                    |                    |                    |                    |
|  | <u>2022</u>                    | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        |
| Actuarially determined contribution                                  | \$ 897,051                     | \$ 771,651         | \$ 756,532         | \$ 725,186         | \$ 753,757         | \$ 747,494         | \$ 871,555         | \$ 891,941         |
| Contributions in relation to the actuarially determined contribution | <u>897,051</u>                 | <u>771,651</u>     | <u>756,532</u>     | <u>725,186</u>     | <u>753,757</u>     | <u>747,494</u>     | <u>871,555</u>     | <u>891,941</u>     |
| <b>Contribution Excess</b>   | <b><u>\$ -</u></b>             | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> |
| <b>Covered Payroll</b>   | \$ 6,291,172                   | \$ 5,928,496       | \$ 5,929,031       | \$ 5,586,257       | \$ 5,882,817       | \$ 3,447,246       | \$ 3,199,377       | \$ 2,999,915       |
| <b>Contributions as a Percentage of Covered Payroll</b>              | 14.26 %                        | 13.02 %            | 12.76 %            | 12.98 %            | 12.81 %            | 21.68 %            | 27.24 %            | 29.73 %            |

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**Required Supplemental Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**

|   | <b>Last Five Fiscal Years</b> |                            |                            |                            |                            |
|---|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | <u>2022</u>                   | <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                |
| <b>Total OPEB Liability</b>   |                               |                            |                            |                            |                            |
| Service cost  | \$ 66,726                     | \$ 68,954                  | \$ 36,311                  | \$ 44,395                  | \$ 48,181                  |
| Interest  | 40,383                        | 50,565                     | 50,790                     | 56,562                     | 57,724                     |
| Differences between expected and actual experience                      | (318,703)                     | (40,975)                   | (195,640)                  | 36,605                     | (22,267)                   |
| Changes in assumptions  | (203,935)                     | 85,030                     | 642,912                    | 67,323                     | (6,751)                    |
| Benefit payments, including refunds                                     | <u>(139,070)</u>              | <u>(107,053)</u>           | <u>(111,965)</u>           | <u>(169,347)</u>           | <u>(98,581)</u>            |
| <b>Net Change in Total OPEB Liability</b>                               | (554,599)                     | 56,521                     | 422,408                    | 35,538                     | (21,694)                   |
| <b>Total OPEB Liability - Beginning of year</b>                         | <u>2,139,434</u>              | <u>2,082,913</u>           | <u>1,660,505</u>           | <u>1,624,967</u>           | <u>1,646,661</u>           |
| <b>Total OPEB Liability - End of year</b>                               | <b><u>\$ 1,584,835</u></b>    | <b><u>\$ 2,139,434</u></b> | <b><u>\$ 2,082,913</u></b> | <b><u>\$ 1,660,505</u></b> | <b><u>\$ 1,624,967</u></b> |
| <b>Covered-employee Payroll</b>   | \$ 830,354                    | \$ 676,192                 | \$ 611,200                 | \$ 874,096                 | \$ 1,092,509               |
| <b>Total OPEB Liability as a Percentage of Covered-employee Payroll</b> | 190.86 %                      | 316.39 %                   | 340.79 %                   | 189.97 %                   | 148.74 %                   |

GASB 74 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. At an April commission meeting, the city manager will submit a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and resources to finance them. A public hearing is conducted prior to the adoption of the budget to obtain taxpayers' comments. Prior to June 30, the budget is legally enacted through passage of a resolution by the City Commission.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

|   | <u>Total Revenue</u> | <u>Total Expenditures</u> | <u>Change in Fund Balance</u> |
|---|----------------------|---------------------------|-------------------------------|
| Amounts per operating statement, including other financing sources (uses) | \$ 10,511,979        | \$ 10,683,826             | \$ (171,847)                  |
| Cemetery Perpetual Care Fund activity                                     | (245,439)            | (284,858)                 | 39,419                        |
| Amounts per budget statement, including other financing sources (uses)    | <u>\$ 10,266,540</u> | <u>\$ 10,398,968</u>      | <u>\$ (132,428)</u>           |

**Pension Information**

**Changes in Assumptions**

For the June 30, 2021 actuarial valuation, changes in actuarial assumptions recognized in this valuation are as follows: The investment rate of return assumption was lowered from 7.00 to 6.75 percent. The wage inflation assumption was lowered from 4.0 to 3.5 percent. The mortality assumption was updated. The amortization period was increased to 15 years and remains closed.

For the June 30, 2018 actuarial valuation, changes in actuarial assumptions recognized in the valuation are as follows: the investment rate of return assumption was lowered from 7.00 to 6.75 percent, the wage inflation assumption was lowered from 4.0 to 3.5 percent, the mortality assumption was updated, and the amortization period was increased to 15 years and remains closed.

For the June 30, 2014 actuarial valuation, the mortality assumption was updated to use the RP-2000 Mortality table projected 20 years unadjusted for women and with 110 percent of the table rates for men.

**OPEB Information**

**Changes in Assumptions**

During the measurement year ended June 30, 2022, health care trend rates decreased from an initial trend of 8.25 percent, gradually decreasing to an ultimate trend rate of 4.50 percent in year 16, to an initial trend rate of 7.50 percent, gradually decreasing to an ultimate trend rate of 3.50 percent in year 12. For the year ended June 30, 2022, the single discount rate also increased from 1.92 percent to 3.69 percent.

During the measurement year ended June 30, 2021, the single discount rate decreased from 2.45 to 1.92 percent.

For the June 30, 2019 actuarial valuation, changes in actuarial assumptions recognized in this valuation are as follows: the single discount rate was lowered from 3.13 to 2.45 percent, and the wage inflation assumptions were increased from 3.50 to 7.50 percent and 4.10 to 6.50 percent.

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## Other Supplemental Information

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Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2022

|  | Special Revenue Funds |                     |                   |                                     |                       |                      |                          |                     |                   |                             | Debt Service Fund |
|--|-----------------------|---------------------|-------------------|-------------------------------------|-----------------------|----------------------|--------------------------|---------------------|-------------------|-----------------------------|-------------------|
|  | Major Street Fund     | Local Street Fund   | Depot Fund        | Garbage and Rubbish Collection Fund | Justice Training Fund | Drug Forfeiture Fund | Criminal Forfeiture Fund | Public Library Fund | Band Fund         | Total Special Revenue Funds |                   |
| <b>Assets</b>                              |                       |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Cash and cash equivalents                  | \$ 2,246,441          | \$ 1,125,694        | \$ 219,279        | \$ 374,253                          | \$ 11,235             | \$ 3,670             | \$ 103                   | \$ 1,516,854        | \$ 321,070        | \$ 5,818,599                | \$ 438,515        |
| Investments                                | -                     | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | -                           | -                 |
| Receivables:                               |                       |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Other receivables                          | -                     | -                   | 2,400             | -                                   | -                     | -                    | -                        | 14,583              | -                 | 16,983                      | -                 |
| Due from other governments                 | 118,008               | 44,986              | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | 162,994                     | -                 |
| Inventory                                  | -                     | 52,846              | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | 52,846                      | -                 |
| Prepaid expenses                           | -                     | -                   | -                 | -                                   | -                     | -                    | -                        | 10,973              | -                 | 10,973                      | -                 |
| <b>Total assets</b>                        | <b>\$ 2,364,449</b>   | <b>\$ 1,223,526</b> | <b>\$ 221,679</b> | <b>\$ 374,253</b>                   | <b>\$ 11,235</b>      | <b>\$ 3,670</b>      | <b>\$ 103</b>            | <b>\$ 1,542,410</b> | <b>\$ 321,070</b> | <b>\$ 6,062,395</b>         | <b>\$ 438,515</b> |
| <b>Liabilities</b>                         |                       |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Accounts payable:                          |                       |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Accounts payable                           | \$ 10,762             | \$ 2,375            | \$ -              | \$ -                                | \$ -                  | \$ -                 | \$ -                     | \$ 7,876            | \$ 1,168          | \$ 22,181                   | \$ -              |
| Retainage payable                          | -                     | 140,000             | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | 140,000                     | -                 |
| Accrued liabilities and other              | 1,286                 | 9,115               | -                 | 5,136                               | -                     | -                    | -                        | 15,765              | 2,910             | 34,212                      | -                 |
| <b>Total liabilities</b>                   | <b>12,048</b>         | <b>151,490</b>      | <b>-</b>          | <b>5,136</b>                        | <b>-</b>              | <b>-</b>             | <b>-</b>                 | <b>23,641</b>       | <b>4,078</b>      | <b>196,393</b>              | <b>-</b>          |
| <b>Fund Balances</b>                       |                       |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Nonspendable                               | -                     | 52,846              | -                 | -                                   | -                     | -                    | -                        | 10,973              | -                 | 63,819                      | -                 |
| Restricted                                 | 2,352,401             | 1,019,190           | -                 | 369,117                             | 11,235                | 3,670                | 103                      | 1,507,796           | 316,992           | 5,580,504                   | 438,515           |
| Committed                                  | -                     | -                   | 221,679           | -                                   | -                     | -                    | -                        | -                   | -                 | 221,679                     | -                 |
| Assigned                                   | -                     | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | -                           | -                 |
| <b>Total fund balances</b>                 | <b>2,352,401</b>      | <b>1,072,036</b>    | <b>221,679</b>    | <b>369,117</b>                      | <b>11,235</b>         | <b>3,670</b>         | <b>103</b>               | <b>1,518,769</b>    | <b>316,992</b>    | <b>5,866,002</b>            | <b>438,515</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,364,449</b>   | <b>\$ 1,223,526</b> | <b>\$ 221,679</b> | <b>\$ 374,253</b>                   | <b>\$ 11,235</b>      | <b>\$ 3,670</b>      | <b>\$ 103</b>            | <b>\$ 1,542,410</b> | <b>\$ 321,070</b> | <b>\$ 6,062,395</b>         | <b>\$ 438,515</b> |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

June 30, 2022

|  | Capital Project Funds    |  |                                     |                                 |                          |                              |                             | Permanent Funds             |                              |                        | Total             |                       |
|--|--------------------------|--|-------------------------------------|---------------------------------|--------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------|-------------------|-----------------------|
|  | Capital Improvement Fund | State Street Rehabilitation Project Fund | Langley Reconstruction Project Fund | Lester/Willa/Donna Project Fund | CSO Storage Project Fund | Library Capital Project Fund | Lighthouse Improvement Fund | Total Capital Project Funds | Cemetery Perpetual Care Fund | Library Endowment Fund |                   | Total Permanent Funds |
| <b>Assets</b>                              |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Cash and cash equivalents                  | \$ 3,493,066             | \$ 63,000                                | \$ -                                | \$ 615,260                      | \$ 559,896               | \$ 192,435                   | \$ 185,077                  | \$ 5,108,734                | \$ 121,709                   | \$ 551,422             | \$ 673,131        | \$ 12,038,979         |
| Investments                                | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | 152,000                | 152,000           | 152,000               |
| Receivables:                               |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Other receivables                          | 334,247                  | -  | -                                   | -                               | -                        | -                            | -                           | 334,247                     | -                            | -                      | -                 | 351,230               |
| Due from other governments                 | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 162,994               |
| Inventory                                  | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 52,846                |
| Prepaid expenses                           | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 10,973                |
| <b>Total assets</b>                        | <b>\$ 3,827,313</b>      | <b>\$ 63,000</b>                         | <b>\$ -</b>                         | <b>\$ 615,260</b>               | <b>\$ 559,896</b>        | <b>\$ 192,435</b>            | <b>\$ 185,077</b>           | <b>\$ 5,442,981</b>         | <b>\$ 121,709</b>            | <b>\$ 703,422</b>      | <b>\$ 825,131</b> | <b>\$ 12,769,022</b>  |
| <b>Liabilities</b>                         |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Accounts payable:                          |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Accounts payable                           | \$ 114,673               | \$ -                                     | \$ -                                | \$ 615,260                      | \$ 5,134                 | \$ -                         | \$ -                        | \$ 735,067                  | \$ -                         | \$ -                   | \$ -              | \$ 757,248            |
| Retainage payable                          | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 140,000               |
| Accrued liabilities and other              | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 34,212                |
| <b>Total liabilities</b>                   | <b>114,673</b>           | <b>-</b>                                 | <b>-</b>                            | <b>615,260</b>                  | <b>5,134</b>             | <b>-</b>                     | <b>-</b>                    | <b>735,067</b>              | <b>-</b>                     | <b>-</b>               | <b>-</b>          | <b>931,460</b>        |
| <b>Fund Balances</b>                       |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Nonspendable                               | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | 551,286                | 551,286           | 615,105               |
| Restricted                                 | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | 121,709                      | 152,136                | 273,845           | 6,292,864             |
| Committed                                  | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 221,679               |
| Assigned                                   | 3,712,640                | 63,000                                   | -                                   | -                               | 554,762                  | 192,435                      | 185,077                     | 4,707,914                   | -                            | -                      | -                 | 4,707,914             |
| <b>Total fund balances</b>                 | <b>3,712,640</b>         | <b>63,000</b>                            | <b>-</b>                            | <b>-</b>                        | <b>554,762</b>           | <b>192,435</b>               | <b>185,077</b>              | <b>4,707,914</b>            | <b>121,709</b>               | <b>703,422</b>         | <b>825,131</b>    | <b>11,837,562</b>     |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,827,313</b>      | <b>\$ 63,000</b>                         | <b>\$ -</b>                         | <b>\$ 615,260</b>               | <b>\$ 559,896</b>        | <b>\$ 192,435</b>            | <b>\$ 185,077</b>           | <b>\$ 5,442,981</b>         | <b>\$ 121,709</b>            | <b>\$ 703,422</b>      | <b>\$ 825,131</b> | <b>\$ 12,769,022</b>  |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

**Year Ended June 30, 2022**

|  | Special Revenue Fund |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
|--|----------------------|---------------------|-------------------|-------------------------------------|-----------------------|----------------------|--------------------------|---------------------|-------------------|-----------------------------|-------------------|
|  | Major Street Fund    | Local Street Fund   | Depot Fund        | Garbage and Rubbish Collection Fund | Justice Training Fund | Drug Forfeiture Fund | Criminal Forfeiture Fund | Public Library Fund | Band Fund         | Total Special Revenue Funds | Debt Service Fund |
| <b>Revenue</b>                                     |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Taxes  | \$ -                 | \$ -                | \$ -              | \$ 965,617                          | \$ -                  | \$ -                 | \$ -                     | \$ 401,633          | \$ 128,568        | \$ 1,495,818                | \$ 362,836        |
| Intergovernmental - State sources:                 |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| State-shared revenue                               | -                    | -                   | -                 | -                                   | 2,649                 | -                    | -                        | 195,991             | -                 | 198,640                     | -                 |
| Act 51 gas and weight tax                          | 746,924              | 294,184             | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | 1,041,108                   | -                 |
| Local Community Stabilization Authority            | -                    | -                   | -                 | 34,362                              | -                     | -                    | -                        | 14,336              | 4,576             | 53,274                      | 22,628            |
| Charges for services                               | -                    | -                   | -                 | 2,030                               | -                     | -                    | -                        | 5,718               | -                 | 7,748                       | -                 |
| Fines and forfeitures                              | -                    | -                   | -                 | -                                   | -                     | -                    | -                        | 117,321             | -                 | 117,321                     | -                 |
| Interest and rentals                               | 2,184                | 974                 | 27,059            | 482                                 | 10                    | 4                    | -                        | (129,350)           | 1,281             | (97,356)                    | 623               |
| Other revenue                                      | -                    | 684                 | -                 | -                                   | -                     | -                    | -                        | 146,848             | 100               | 147,632                     | -                 |
| <b>Total revenue</b>                               | <b>749,108</b>       | <b>295,842</b>      | <b>27,059</b>     | <b>1,002,491</b>                    | <b>2,659</b>          | <b>4</b>             | <b>-</b>                 | <b>752,497</b>      | <b>134,525</b>    | <b>2,964,185</b>            | <b>386,087</b>    |
| <b>Expenditures</b>                                |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Current services:                                  |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Public safety                                      | -                    | -                   | -                 | -                                   | 610                   | -                    | -                        | -                   | -                 | 610                         | -                 |
| Public works                                       | 1,109,410            | 1,538,573           | 22,780            | 1,067,726                           | -                     | -                    | -                        | -                   | -                 | 3,738,489                   | 15,064            |
| Recreation and culture                             | -                    | -                   | -                 | -                                   | -                     | -                    | -                        | 739,698             | 102,279           | 841,977                     | -                 |
| Capital outlay                                     | -                    | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | -                           | -                 |
| Debt service:                                      |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Principal  | -                    | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | -                           | 485,000           |
| Interest and fiscal charges                        | -                    | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | -                           | 93,453            |
| <b>Total expenditures</b>                          | <b>1,109,410</b>     | <b>1,538,573</b>    | <b>22,780</b>     | <b>1,067,726</b>                    | <b>610</b>            | <b>-</b>             | <b>-</b>                 | <b>739,698</b>      | <b>102,279</b>    | <b>4,581,076</b>            | <b>593,517</b>    |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(360,302)</b>     | <b>(1,242,731)</b>  | <b>4,279</b>      | <b>(65,235)</b>                     | <b>2,049</b>          | <b>4</b>             | <b>-</b>                 | <b>12,799</b>       | <b>32,246</b>     | <b>(1,616,891)</b>          | <b>(207,430)</b>  |
| <b>Other Financing Sources (Uses)</b>              |                      |                     |                   |                                     |                       |                      |                          |                     |                   |                             |                   |
| Transfers in                                       | 900,000              | 1,390,000           | -                 | 150,000                             | -                     | -                    | -                        | -                   | -                 | 2,440,000                   | -                 |
| Transfers out                                      | (165,000)            | -                   | -                 | -                                   | -                     | -                    | -                        | -                   | -                 | (165,000)                   | -                 |
| <b>Total other financing sources (uses)</b>        | <b>735,000</b>       | <b>1,390,000</b>    | <b>-</b>          | <b>150,000</b>                      | <b>-</b>              | <b>-</b>             | <b>-</b>                 | <b>-</b>            | <b>-</b>          | <b>2,275,000</b>            | <b>-</b>          |
| <b>Net Change in Fund Balances</b>                 | <b>374,698</b>       | <b>147,269</b>      | <b>4,279</b>      | <b>84,765</b>                       | <b>2,049</b>          | <b>4</b>             | <b>-</b>                 | <b>12,799</b>       | <b>32,246</b>     | <b>658,109</b>              | <b>(207,430)</b>  |
| <b>Fund Balances - Beginning of year</b>           | <b>1,977,703</b>     | <b>924,767</b>      | <b>217,400</b>    | <b>284,352</b>                      | <b>9,186</b>          | <b>3,666</b>         | <b>103</b>               | <b>1,505,970</b>    | <b>284,746</b>    | <b>5,207,893</b>            | <b>645,945</b>    |
| <b>Fund Balances - End of year</b>                 | <b>\$ 2,352,401</b>  | <b>\$ 1,072,036</b> | <b>\$ 221,679</b> | <b>\$ 369,117</b>                   | <b>\$ 11,235</b>      | <b>\$ 3,670</b>      | <b>\$ 103</b>            | <b>\$ 1,518,769</b> | <b>\$ 316,992</b> | <b>\$ 5,866,002</b>         | <b>\$ 438,515</b> |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

**Year Ended June 30, 2022**

|  | Capital Project Funds    |  |                                     |                                 |                          |                              |                             | Permanent Funds             |                              |                        | Total             |                       |
|--|--------------------------|--|-------------------------------------|---------------------------------|--------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------|-------------------|-----------------------|
|  | Capital Improvement Fund | State Street Rehabilitation Project Fund | Langley Reconstruction Project Fund | Lester/Willa/Donna Project Fund | CSO Storage Project Fund | Library Capital Project Fund | Lighthouse Improvement Fund | Total Capital Project Funds | Cemetery Perpetual Care Fund | Library Endowment Fund |                   | Total Permanent Funds |
| <b>Revenue</b>                                     |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Taxes  | \$ -                     | \$ -                                     | \$ -                                | \$ -                            | \$ -                     | \$ -                         | \$ -                        | \$ -                        | \$ -                         | \$ -                   | \$ -              | \$ 1,858,654          |
| Intergovernmental - State sources:                 |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| State-shared revenue                               | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 198,640               |
| Act 51 gas and weight tax                          | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 1,041,108             |
| Local Community Stabilization Authority            | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 75,902                |
| Charges for services                               | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 7,748                 |
| Fines and forfeitures                              | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 117,321               |
| Interest and rentals                               | 3,963                    | -  | -                                   | -                               | 208                      | 103                          | 98                          | 4,372                       | 106                          | (42,215)               | (42,109)          | (134,470)             |
| Other revenue                                      | 343,115                  | -  | 1                                   | -                               | -                        | 1,000                        | 1,045                       | 345,161                     | -                            | -                      | -                 | 492,793               |
| <b>Total revenue</b>                               | <b>347,078</b>           | <b>-</b>                                 | <b>1</b>                            | <b>-</b>                        | <b>208</b>               | <b>1,103</b>                 | <b>1,143</b>                | <b>349,533</b>              | <b>106</b>                   | <b>(42,215)</b>        | <b>(42,109)</b>   | <b>3,657,696</b>      |
| <b>Expenditures</b>                                |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Current services:                                  |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Public safety                                      | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 610                   |
| Public works                                       | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | -                            | -                      | -                 | 3,753,553             |
| Recreation and culture                             | -                        | -  | -                                   | -                               | -                        | -                            | -                           | -                           | 2,870                        | 2,870                  | -                 | 844,847               |
| Capital outlay                                     | 716,548                  | -  | -                                   | -                               | 165,783                  | 22,481                       | -                           | 904,812                     | -                            | -                      | -                 | 904,812               |
| Debt service:                                      |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Principal  | -                        | -  | -                                   | -                               | -                        | 48,000                       | -                           | 48,000                      | -                            | -                      | -                 | 533,000               |
| Interest and fiscal charges                        | -                        | -  | -                                   | -                               | -                        | 50,580                       | -                           | 50,580                      | -                            | -                      | -                 | 144,033               |
| <b>Total expenditures</b>                          | <b>716,548</b>           | <b>-</b>                                 | <b>-</b>                            | <b>-</b>                        | <b>165,783</b>           | <b>121,061</b>               | <b>-</b>                    | <b>1,003,392</b>            | <b>-</b>                     | <b>2,870</b>           | <b>2,870</b>      | <b>6,180,855</b>      |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(369,470)</b>         | <b>-</b>                                 | <b>1</b>                            | <b>-</b>                        | <b>(165,575)</b>         | <b>(119,958)</b>             | <b>1,143</b>                | <b>(653,859)</b>            | <b>106</b>                   | <b>(45,085)</b>        | <b>(44,979)</b>   | <b>(2,523,159)</b>    |
| <b>Other Financing Sources (Uses)</b>              |                          |  |                                     |                                 |                          |                              |                             |                             |                              |                        |                   |                       |
| Transfers in                                       | 1,267,800                | -  | -                                   | -                               | 300,000                  | -                            | 25,000                      | 1,592,800                   | -                            | -                      | -                 | 4,032,800             |
| Transfers out                                      | (60,000)                 | -  | (472,501)                           | -                               | -                        | -                            | -                           | (532,501)                   | -                            | -                      | -                 | (697,501)             |
| <b>Total other financing sources (uses)</b>        | <b>1,207,800</b>         | <b>-</b>                                 | <b>(472,501)</b>                    | <b>-</b>                        | <b>300,000</b>           | <b>-</b>                     | <b>25,000</b>               | <b>1,060,299</b>            | <b>-</b>                     | <b>-</b>               | <b>-</b>          | <b>3,335,299</b>      |
| <b>Net Change in Fund Balances</b>                 | <b>838,330</b>           | <b>-</b>                                 | <b>(472,500)</b>                    | <b>-</b>                        | <b>134,425</b>           | <b>(119,958)</b>             | <b>26,143</b>               | <b>406,440</b>              | <b>106</b>                   | <b>(45,085)</b>        | <b>(44,979)</b>   | <b>812,140</b>        |
| <b>Fund Balances - Beginning of year</b>           | <b>2,874,310</b>         | <b>63,000</b>                            | <b>472,500</b>                      | <b>-</b>                        | <b>420,337</b>           | <b>312,393</b>               | <b>158,934</b>              | <b>4,301,474</b>            | <b>121,603</b>               | <b>748,507</b>         | <b>870,110</b>    | <b>11,025,422</b>     |
| <b>Fund Balances - End of year</b>                 | <b>\$ 3,712,640</b>      | <b>\$ 63,000</b>                         | <b>\$ -</b>                         | <b>\$ -</b>                     | <b>\$ 554,762</b>        | <b>\$ 192,435</b>            | <b>\$ 185,077</b>           | <b>\$ 4,707,914</b>         | <b>\$ 121,709</b>            | <b>\$ 703,422</b>      | <b>\$ 825,131</b> | <b>\$ 11,837,562</b>  |

**Other Supplemental Information  
Combining Statement of Net Position  
Internal Service Funds**

**June 30, 2022**

|  | Motor Pool<br>Fund  | Self-Insurance<br>Fund | Employee<br>Health Care<br>Fund | Total Internal<br>Service Funds |
|--|---------------------|------------------------|---------------------------------|---------------------------------|
| <b>Assets</b>  |                     |                        |                                 |                                 |
| Current assets:  |                     |                        |                                 |                                 |
| Cash and cash equivalents  | \$ 1,091,603        | \$ 814,262             | \$ 1,526,552                    | \$ 3,432,417                    |
| Receivables  | 4,501               | 299                    | 2,572                           | 7,372                           |
| Inventory  | 36,823              | -                      | -                               | 36,823                          |
| Prepaid expenses   | -                   | 27,226                 | -                               | 27,226                          |
| Total current assets   | 1,132,927           | 841,787                | 1,529,124                       | 3,503,838                       |
| Noncurrent assets - Capital assets - Assets<br>subject to depreciation - Net | 1,444,055           | -                      | -                               | 1,444,055                       |
| Total assets   | 2,576,982           | 841,787                | 1,529,124                       | 4,947,893                       |
| <b>Liabilities</b>   |                     |                        |                                 |                                 |
| Current liabilities:   |                     |                        |                                 |                                 |
| Accounts payable   | 6,802               | -                      | -                               | 6,802                           |
| Accrued liabilities and other  | 4,304               | 218                    | 776                             | 5,298                           |
| Compensated absences   | 10,096              | -                      | -                               | 10,096                          |
| Total liabilities  | 21,202              | 218                    | 776                             | 22,196                          |
| <b>Net Position</b>  |                     |                        |                                 |                                 |
| Net investment in capital assets   | 1,444,055           | -                      | -                               | 1,444,055                       |
| Unrestricted   | 1,111,725           | 841,569                | 1,528,348                       | 3,481,642                       |
| Total net position   | <b>\$ 2,555,780</b> | <b>\$ 841,569</b>      | <b>\$ 1,528,348</b>             | <b>\$ 4,925,697</b>             |

**City of St. Joseph, Michigan**

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Internal Service Funds**

**Year Ended June 30, 2022**

|   | Motor Pool<br>Fund  | Self-Insurance<br>Fund | Employee<br>Health Care<br>Fund | Total Internal<br>Service Funds |
|---|---------------------|------------------------|---------------------------------|---------------------------------|
| <b>Operating Revenue</b>                |                     |                        |                                 |                                 |
| Rent                                    | \$ 1,010,351        | \$ -                   | \$ -                            | \$ 1,010,351                    |
| Other revenue                           | 34,620              | 254,647                | 1,733,632                       | 2,022,899                       |
| Total operating revenue                 | 1,044,971           | 254,647                | 1,733,632                       | 3,033,250                       |
| <b>Operating Expenses</b>               |                     |                        |                                 |                                 |
| Supplies and materials                  | 111,335             | -                      | -                               | 111,335                         |
| Personnel costs                         | 156,760             | -                      | 1,655,914                       | 1,812,674                       |
| Contractual services                    | 316,796             | 7,500                  | 1,485                           | 325,781                         |
| Insurance                               | 55,148              | 136,531                | -                               | 191,679                         |
| Transportation                          | 254                 | -                      | -                               | 254                             |
| Repairs                                 | 16,446              | -                      | -                               | 16,446                          |
| Other                                   | 8,299               | -                      | -                               | 8,299                           |
| Depreciation                            | 538,440             | -                      | -                               | 538,440                         |
| Total operating expenses                | 1,203,478           | 144,031                | 1,657,399                       | 3,004,908                       |
| <b>Operating (Loss) Income</b>          | (158,507)           | 110,616                | 76,233                          | 28,342                          |
| <b>Nonoperating Revenue (Expense)</b>   |                     |                        |                                 |                                 |
| Investment income                       | 1,069               | 528                    | 1,470                           | 3,067                           |
| Interest expense                        | (519)               | -                      | -                               | (519)                           |
| Gain on sale of assets                  | 76,245              | -                      | -                               | 76,245                          |
| Total nonoperating revenue              | 76,795              | 528                    | 1,470                           | 78,793                          |
| <b>Change in Net Position</b>           | (81,712)            | 111,144                | 77,703                          | 107,135                         |
| <b>Net Position - Beginning of year</b> | 2,637,492           | 730,425                | 1,450,645                       | 4,818,562                       |
| <b>Net Position - End of year</b>       | <b>\$ 2,555,780</b> | <b>\$ 841,569</b>      | <b>\$ 1,528,348</b>             | <b>\$ 4,925,697</b>             |

Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds

**Year Ended June 30, 2022**

|  | Motor Pool<br>Fund  | Self-Insurance<br>Fund | Employee<br>Health Care<br>Fund | Total Internal<br>Service Funds |
|--|---------------------|------------------------|---------------------------------|---------------------------------|
| <b>Cash Flows from Operating Activities</b>                                    |                     |                        |                                 |                                 |
| Receipts from customers  | \$ 1,044,971        | \$ 254,647             | \$ 1,733,632                    | \$ 3,033,250                    |
| Receipts from interfund services and reimbursements                            | (5,400)             | -                      | -                               | (5,400)                         |
| Payments to suppliers  | (461,581)           | (5,006)                | (661,972)                       | (1,128,559)                     |
| Payments to employees and fringes  | (220,571)           | (5,805)                | 776                             | (225,600)                       |
| Claims paid  | -                   | (130,419)              | (966,868)                       | (1,097,287)                     |
| Other (payments) receipts  | (2,081)             | 137                    | 555                             | (1,389)                         |
| Net cash and cash equivalents provided by operating activities                 | 355,338             | 113,554                | 106,123                         | 575,015                         |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |                     |                        |                                 |                                 |
| Proceeds from sale of capital assets   | 76,245              | -                      | -                               | 76,245                          |
| Purchase of capital assets   | (258,780)           | -                      | -                               | (258,780)                       |
| Principal and interest paid on capital debt                                    | (11,103)            | -                      | -                               | (11,103)                        |
| Net cash and cash equivalents used in capital and related financing activities | (193,638)           | -                      | -                               | (193,638)                       |
| <b>Cash Flows Provided by Investing Activities -</b>                           |                     |                        |                                 |                                 |
| Interest received on investments   | 1,069               | 528                    | 1,470                           | 3,067                           |
| <b>Net Increase in Cash and Cash Equivalents</b>                               | 162,769             | 114,082                | 107,593                         | 384,444                         |
| <b>Cash and Cash Equivalents - Beginning of year</b>                           | 928,834             | 700,180                | 1,418,959                       | 3,047,973                       |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <u>\$ 1,091,603</u> | <u>\$ 814,262</u>      | <u>\$ 1,526,552</u>             | <u>\$ 3,432,417</u>             |
| <b>Classification of Cash and Cash Equivalents</b>                             | <u>\$ 1,091,603</u> | <u>\$ 814,262</u>      | <u>\$ 1,526,552</u>             | <u>\$ 3,432,417</u>             |

**Other Supplemental Information  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds**

**Year Ended June 30, 2022**

|   | Motor Pool<br>Fund | Self-Insurance<br>Fund | Employee<br>Health Care<br>Fund | Total Internal<br>Service Funds |
|---|--------------------|------------------------|---------------------------------|---------------------------------|
| <b>Reconciliation of Operating (Loss) Income to<br/>Net Cash from Operating Activities</b>    |                    |                        |                                 |                                 |
| Operating (loss) income   | \$ (158,507)       | \$ 110,616             | \$ 76,233                       | \$ 28,342                       |
| Adjustments to reconcile operating (loss)<br>income to net cash from operating<br>activities: |                    |                        |                                 |                                 |
| Depreciation  | 538,440            | -                      | -                               | 538,440                         |
| Changes in assets and liabilities:  |                    |                        |                                 |                                 |
| Receivables   | (2,081)            | 137                    | 555                             | (1,389)                         |
| Due to and from other funds   | (5,400)            | -                      | -                               | (5,400)                         |
| Inventories   | (17,381)           | -                      | -                               | (17,381)                        |
| Prepaid and other assets  | -                  | 2,583                  | 28,559                          | 31,142                          |
| Net pension or OPEB asset   | 1,561              | 218                    | 776                             | 2,555                           |
| Accounts payable  | (1,294)            | -                      | -                               | (1,294)                         |
| Total adjustments   | 513,845            | 2,938                  | 29,890                          | 546,673                         |
| Net cash and cash equivalents<br>provided by operating activities                             | <b>\$ 355,338</b>  | <b>\$ 113,554</b>      | <b>\$ 106,123</b>               | <b>\$ 575,015</b>               |



Other Supplemental Information  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds

**June 30, 2022**

|  | Pension Trust Fund     |                     | Custodial Funds             |             | Total Fiduciary Funds |
|--|------------------------|---------------------|-----------------------------|-------------|-----------------------|
|  | Retirement System Fund | General Agency Fund | Current Tax Collection Fund | Total       |                       |
| <b>Assets</b>                              |                        |                     |                             |             |                       |
| Cash and cash equivalents                  | \$ 343,276             | \$ 22,089           | \$ -                        | \$ 22,089   | 365,365               |
| Investments:                               |                        |                     |                             |             |                       |
| Fixed income                               | 28,232,019             | -                   | -                           | -           | 28,232,019            |
| Equities                                   | 40,516,885             | -                   | -                           | -           | 40,516,885            |
| Receivables                                | 27,665                 | -                   | -                           | -           | 27,665                |
| Total assets                               | 69,119,845             | 22,089              | -                           | 22,089      | 69,141,934            |
| <b>Liabilities</b> - Accounts payable      | 61,499                 | 22,089              | -                           | 22,089      | 83,588                |
| <b>Net Position Restricted for Pension</b> | <b>\$ 69,058,346</b>   | <b>\$ -</b>         | <b>\$ -</b>                 | <b>\$ -</b> | <b>\$ 69,058,346</b>  |

**Other Supplemental Information**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

**Year Ended June 30, 2022**

|  | Pension Trust Fund     |                     | Custodial Funds             |             | Total Fiduciary Funds |
|--|------------------------|---------------------|-----------------------------|-------------|-----------------------|
|  | Retirement System Fund | General Agency Fund | Current Tax Collection Fund | Total       |                       |
| <b>Additions</b>   |                        |                     |                             |             |                       |
| Investment income (loss):  |                        |                     |                             |             |                       |
| Interest and dividends   | \$ 8,346,777           | \$ -                | \$ -                        | \$ -        | \$ 8,346,777          |
| Net decrease in fair value of investments                            | (16,867,696)           | -                   | -                           | -           | (16,867,696)          |
| Investment costs   | (274,359)              | -                   | -                           | -           | (274,359)             |
| Net investment loss  | (8,795,278)            | -                   | -                           | -           | (8,795,278)           |
| Contributions:   |                        |                     |                             |             |                       |
| Employer contributions   | 1,095,062              | -                   | -                           | -           | 1,095,062             |
| Employee contributions   | 370,388                | -                   | -                           | -           | 370,388               |
| Total contributions  | 1,465,450              | -                   | -                           | -           | 1,465,450             |
| Property tax collections for other governments                       | -                      | -                   | 15,091,634                  | 15,091,634  | 15,091,634            |
| Total additions - Net  | (7,329,828)            | -                   | 15,091,634                  | 15,091,634  | 7,761,806             |
| <b>Deductions</b>  |                        |                     |                             |             |                       |
| Benefit payments   | 4,103,678              | -                   | -                           | -           | 4,103,678             |
| Refunds of contributions   | 44,351                 | -                   | -                           | -           | 44,351                |
| Administrative expenses  | 85,554                 | -                   | -                           | -           | 85,554                |
| Tax distributions to other governments                               | -                      | -                   | 15,091,634                  | 15,091,634  | 15,091,634            |
| Total deductions   | 4,233,583              | -                   | 15,091,634                  | 15,091,634  | 19,325,217            |
| <b>Net Decrease in Fiduciary Net Position Restricted for Pension</b> | (11,563,411)           | -                   | -                           | -           | (11,563,411)          |
| <b>Net Position Restricted for Pension - Beginning of year</b>       | 80,621,757             | -                   | -                           | -           | 80,621,757            |
| <b>Net Position Restricted for Pension - End of year</b>             | <b>\$ 69,058,346</b>   | <b>\$ -</b>         | <b>\$ -</b>                 | <b>\$ -</b> | <b>\$ 69,058,346</b>  |