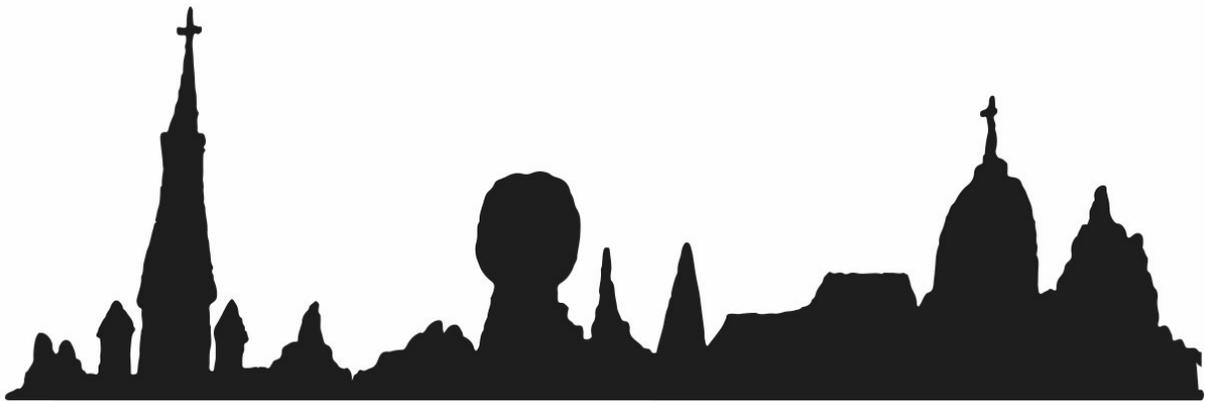


**City of St. Joseph
Stearns County, Minnesota**

Basic Financial Statements

December 31, 2024



CITY OF ST. JOSEPH

**City of St. Joseph
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City of St. Joseph
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**City of St. Joseph
Elected Officials and Administration
December 31, 2024**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Rick Schultz	Mayor	January 2025
Robert Loso	Council Member	January 2025
Kelly Beniek	Council Member	January 2025
Adam Scepaniak	Council Member	January 2027
Kevin Kluesner	Council Member	January 2027
<u>Administration</u>		
David Murphy	City Administrator	Appointed
Lori Bartlett	Finance Director	Appointed



CITY OF ST. JOSEPH



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of St. Joseph
St. Joseph, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Joseph, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of St. Joseph's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Joseph, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of St. Joseph'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 City of St. Joseph'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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Joseph's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2025, on our consideration of the City of St. Joseph's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Joseph's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 5, 2025



CITY OF ST. JOSEPH

City of St. Joseph Management's Discussion and Analysis

As management of the City of St. Joseph, we offer readers of the City of St. Joseph's financial statements this narrative overview and analysis of the financial activities of the City of St. Joseph for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 include the following:

- The assets and deferred outflows of resources of the City of St. Joseph exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$53,277,355. Of this amount, \$9,964,017 may be used to meet government's ongoing obligations to citizens and creditors (unrestricted net position).
- The City of St. Joseph's total net position increased by \$3,904,546 from 2023 to 2024. The individual funds with the largest increase in net position include the sewer and the state collected sales tax funds, resulting in over 41% of the increase in net position. The sewer fund realized a gain on sale of sewer treatment rights to the City of Foley in the amount of \$806,873; 20% of the change in net position of the city's funds.
- As of the close of the current fiscal year, the City of St. Joseph's governmental funds reported combined ending fund balances of \$20,420,970, an increase of \$1,213,177. Of this amount \$3,137,886 is unassigned for spending at the City's discretion. The remaining balance of \$17,283,084 is set aside for specific future expenditures. The largest contributors for the increase in fund balance include the general fund, 2019A G.O. industrial park bonds and the state collected sales tax fund. The general fund contains budgeted reserves included in the 5-year capital planning. The industrial park bonds collected prepaid assessments of \$565,418. The state collected sales tax fund also resulted in an increase in fund balance by \$247,571 with half cent sales tax collections of \$656,612 (more than any other year). The last two funds are included in the combined Other Governmental Funds.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,138,840, or 57% of the total 2025 general fund expenditure budget. The city's goal is 4-6 months of the following year expenditure budget; 2024 ended at 6.6 months working capital.
- The City of St. Joseph's total long-term bonded debt decreased by \$2,324,180 during the current fiscal year. The City had one debt paid in full, one debt reduced due to selling sewer treatment rights to the City of Foley, and issued two new debt for two projects including the 2024 street improvements and the City's portion of the St. Cloud metro force main replacement project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of St. Joseph's basic financial statements. The City of St. Joseph's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broader overview of the City of St. Joseph's finances, in a manner similar to a private-sector business.

**City of St. Joseph
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

The Statement of Net Position presents information on all of the City of St. Joseph's assets and deferred outflows of resources and liabilities, and deferred inflows of resources with the difference between the four 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 of St. Joseph 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City of St. Joseph that are principally supported by taxes and intergovernmental revenues (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 of St. Joseph include general government, public safety, public works, economic development, culture and recreation, and interest on long-term debt. The business-type activities of the City of St. Joseph include water, sanitary sewer, refuse, storm water and street light utility services.

The government-wide financial statements include not only the City of St. Joseph itself (known as the primary government), but also a legally separate Economic Development Authority. Financial information for this component unit is blended in the financial information.

The government-wide financial statements can be found on pages 26-29 of this report.

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 of St. Joseph, like other state and local governments, utilize fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of St. Joseph can be divided into one of the following two categories: governmental funds and proprietary funds.

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 evaluating a government's near-term financing requirements.

**City of St. Joseph
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds(Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide governmental activities.

The City of St. Joseph maintains thirty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, G.O. improvement bonds of 2016B fund, and St. Joseph Community Center/YMCA project fund which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of St. Joseph adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund on page 35 to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30-35 of this report.

Proprietary Funds

The City of St. Joseph maintains proprietary funds that are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of St. Joseph uses proprietary funds to account for its water, sanitary sewer, refuse, storm water and street light utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer, refuse, storm water and street light utility, all of which are considered to be major funds of the City of St. Joseph. The basic proprietary fund financial statements can be found on pages 36-43 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-83 of this report.

Other Information

The required supplementary information (pages 86-100) and supplemental information including the combined statements referred to earlier in connection with non-major governmental funds can be found on pages 104-119 of this report.

Comparative Data

While comparative data is not illustrated in this report, comments throughout this narrative and overview will discuss significant changes from the prior year.

**City of St. Joseph
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Joseph, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,277,355 at the close of the most recent fiscal year. By far the largest portion of the City of St. Joseph's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net accumulated depreciation, less any related debt used to acquire those assets that is still outstanding. The City of St. Joseph utilizes these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City of St. Joseph's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 23,507,171	\$ 22,721,633	\$ 7,012,339	\$ 6,589,954	\$ 30,519,510	\$ 29,311,587
Capital assets, net	<u>20,228,797</u>	<u>19,782,790</u>	<u>30,954,216</u>	<u>32,842,962</u>	<u>51,183,013</u>	<u>52,625,752</u>
Total assets	43,735,968	42,504,423	37,966,555	39,432,916	81,702,523	81,937,339
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	<u>1,853,535</u>	<u>2,145,697</u>	<u>60,909</u>	<u>89,309</u>	<u>1,914,444</u>	<u>2,235,006</u>
Total deferred outflows	1,853,535	2,145,697	60,909	89,309	1,914,444	2,235,006
Liabilities						
Current liabilities	2,526,718	2,736,227	1,383,340	3,761,834	3,910,058	6,498,061
Long-term liabilities	<u>20,085,483</u>	<u>21,578,235</u>	<u>3,949,510</u>	<u>4,566,229</u>	<u>24,034,993</u>	<u>26,144,464</u>
Total liabilities	22,612,201	24,314,462	5,332,850	8,328,063	27,945,051	32,642,525
Deferred Inflows of Resources						
Deferred inflows of resources related to debt	5,550	7,385	11,924	13,737	17,474	21,122
Deferred inflows of resources related to leases	8,325	10,363	74,922	93,270	83,247	103,633
Deferred inflows of resources related to pensions	<u>2,187,738</u>	<u>1,947,790</u>	<u>106,102</u>	<u>84,816</u>	<u>2,293,840</u>	<u>2,032,606</u>
Total deferred inflows	2,201,613	1,965,538	192,948	191,823	2,394,561	2,157,361
Net Position						
Net investment in capital assets	9,065,672	8,580,885	26,218,216	26,835,351	32,988,865	32,761,380
Restricted	10,624,473	9,252,237	-	-	10,624,473	9,252,237
Unrestricted	<u>1,385,544</u>	<u>536,998</u>	<u>6,283,450</u>	<u>4,166,988</u>	<u>9,964,017</u>	<u>7,358,842</u>
Total net position	<u>\$ 21,075,689</u>	<u>\$ 18,370,120</u>	<u>\$ 32,501,666</u>	<u>\$ 31,002,339</u>	<u>\$ 53,577,355</u>	<u>\$ 49,372,459</u>

**City of St. Joseph
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City of St. Joseph's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a surplus of \$9,964,017, or a surplus of \$7,668,994 after removing the unrestricted portion of governmental debt for enterprise assets. The surplus is largely the result of the increase in cash and investments from unspent bond proceeds.

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

Governmental Activities

The governmental activities change in net position balance increased \$2,405,219. The City's investment in capital assets, net related debt increased \$484,787. Restricted net position increased \$858,299. The unrestricted net position resulted in a net position of \$1,385,544, an increase of \$1,062,133 from last year. As a liquidity indicator, the cash and investment position increased 4% in 2024. The main increase is from unspent 2023A and 2024A bond proceeds, donations for the St. Joseph Community Center/YMCA, prepaid assessments and unspent local option sales tax revenues. The bonded debt decreased in 2024 by \$1,052,569. The City issued a small bond for the 2024 street improvements, while paying off \$1.855 million in current debts. In addition, the 2020B GO refunding improvement bonds were paid in full in 2024. Also contributing to the positive change in net position, GASB requires investments to be marked at its current market value in the reporting year. In 2024, the market adjustment was positive and resulted in positive interest earnings of \$907,517 in governmental activities. Interest earnings is reported as unrestricted net position.

Business-Type Activities

There was a 5% increase in the total net position for the business-type activities. The increase is due to paying down long-term liabilities by \$1,354,831. The City of Foley took over \$830,690 of notes payables from St. Joseph to pay for their purchased share of the sewer treatment. This reduced the sewer rights asset and resulted in a gain on sale on the Statement of Net Position that increased net position. In addition, the sewer fund received \$1,449,288 in December 2023 from the Foley to purchase wastewater treatment from St. Joseph that is realized in 2024. The reimbursement will be used in future years for sewer expansions and minimizing increases in future sewer rates. Also contributing to the net increase in net position are increases in charges for services utility rates to cover operational costs plus adding seed money for future capital asset additions and replacements. As with the governmental activities, interest earnings also had a positive effect on the unrestricted net position of \$237,363.

The graph and charts on the following pages summarize and graphically depict the changes in net position for the governmental and business-type activities.

**City of St. Joseph
Management's Discussion and Analysis**

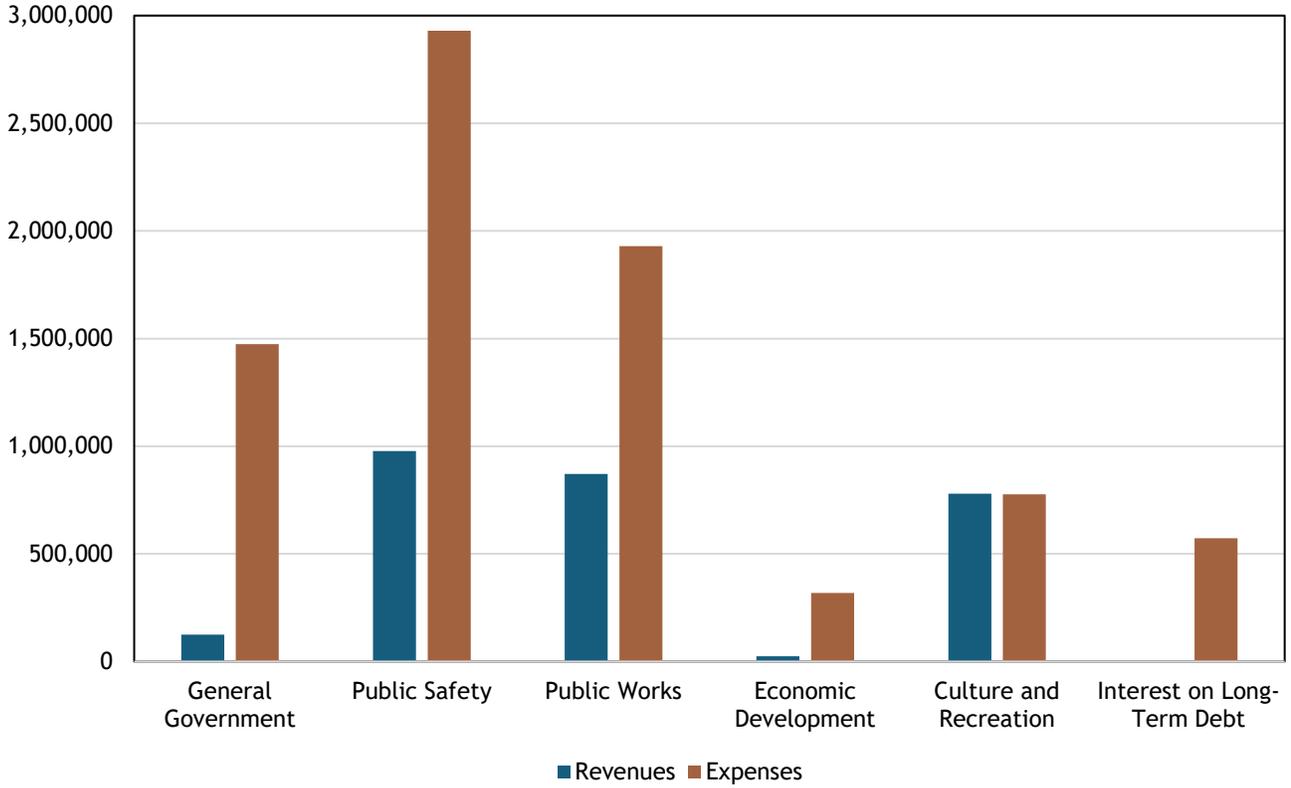
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Change in Net Position

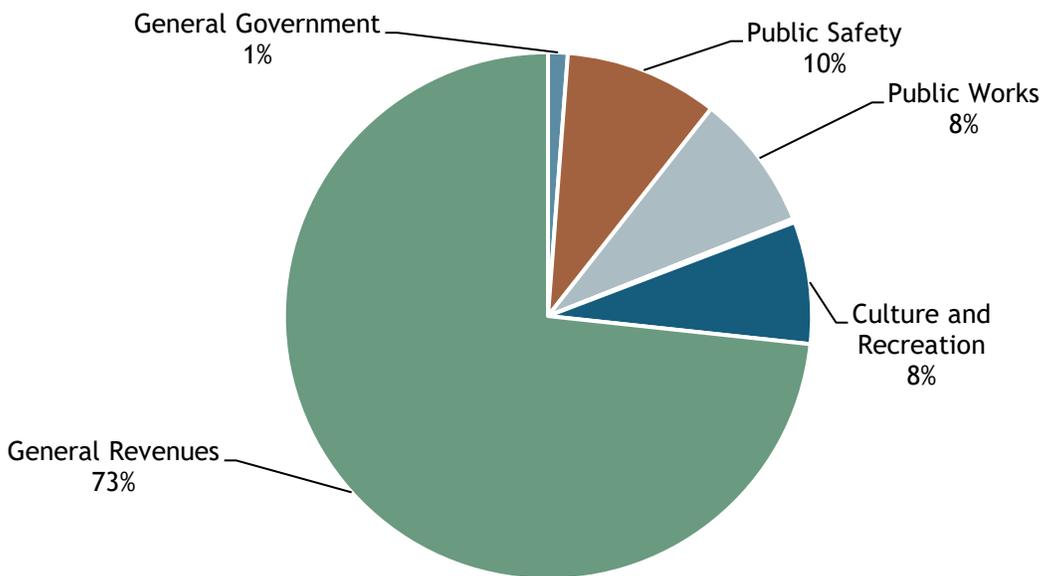
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for services	\$ 742,931	\$ 1,066,895	\$ 3,795,352	\$ 3,882,584	\$ 4,538,283	\$ 4,949,479
Operating grants and contributions	330,788	232,992	7,292	13,347	338,080	246,339
Capital grants and contributions	1,703,669	1,892,027	212	76,604	1,703,881	1,968,631
General Revenues						
Property taxes	4,101,940	3,735,238	4	10	4,101,944	3,735,248
Tax increments	157,342	151,076	-	-	157,342	151,076
Sales taxes	656,612	658,268	-	-	656,612	658,268
Franchise fees	187,873	140,406	-	-	187,873	140,406
Lodging taxes	13,738	14,790	-	-	13,738	14,790
Miscellaneous taxes	1,948	1,520	-	-	1,948	1,520
State aids	1,545,272	1,245,680	-	-	1,545,272	1,245,680
Unrestricted investment earnings	907,517	835,803	237,363	255,767	1,144,880	1,091,570
Gain on disposal of assets	52,804	122,933	806,873	-	859,677	122,933
Total revenues	10,402,434	10,097,628	4,847,096	4,228,312	15,249,530	14,325,940
Expenses						
General government	1,473,900	1,422,664	-	-	1,473,900	1,422,664
Public safety	2,929,038	3,065,878	-	-	2,929,038	3,065,878
Public works	1,932,425	2,037,985	-	-	1,932,425	2,037,985
Economic development	318,448	262,480	-	-	318,448	262,480
Culture and recreation	773,081	970,849	-	-	773,081	970,849
Interest on long-term debt	572,818	538,951	-	-	572,818	538,951
Water	-	-	1,343,333	1,209,855	1,343,333	1,209,855
Sanitary sewer	-	-	1,206,960	1,191,012	1,206,960	1,191,012
Refuse	-	-	498,932	407,822	498,932	407,822
Storm water	-	-	227,632	244,682	227,632	244,682
Street light utility	-	-	68,417	76,093	68,417	76,093
Total expenses	7,999,710	8,298,807	3,345,274	3,129,464	11,344,984	11,428,271
Increase (decrease) in net position before transfers	2,402,724	1,798,821	1,501,822	1,098,848	3,904,546	2,897,669
Transfers	2,495	(200,367)	(2,495)	200,367	-	-
Change in net position	2,405,219	1,598,454	1,499,327	1,299,215	3,904,546	2,897,669
Net Position						
Net position - beginning	18,370,470	16,772,016	31,002,339	29,703,124	49,372,809	46,475,140
Prior period adjustment	-	-	-	-	-	-
Net position - beginning restated	18,370,470	16,772,016	31,002,339	29,703,124	49,372,809	46,475,140
Net position - ending	\$ 20,775,689	\$ 18,370,470	\$ 32,501,666	\$ 31,002,339	\$ 53,277,355	\$ 49,372,809

City of St. Joseph
Management's Discussion and Analysis

Program Revenues and Expenses Governmental Activities

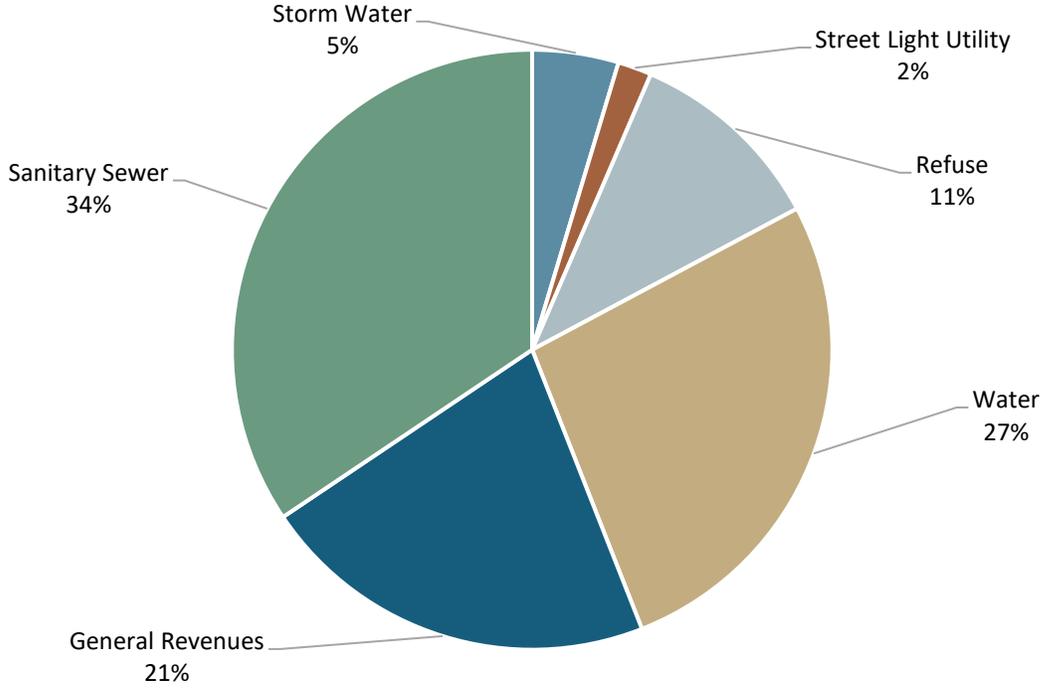


Revenues by Source - Governmental Activities

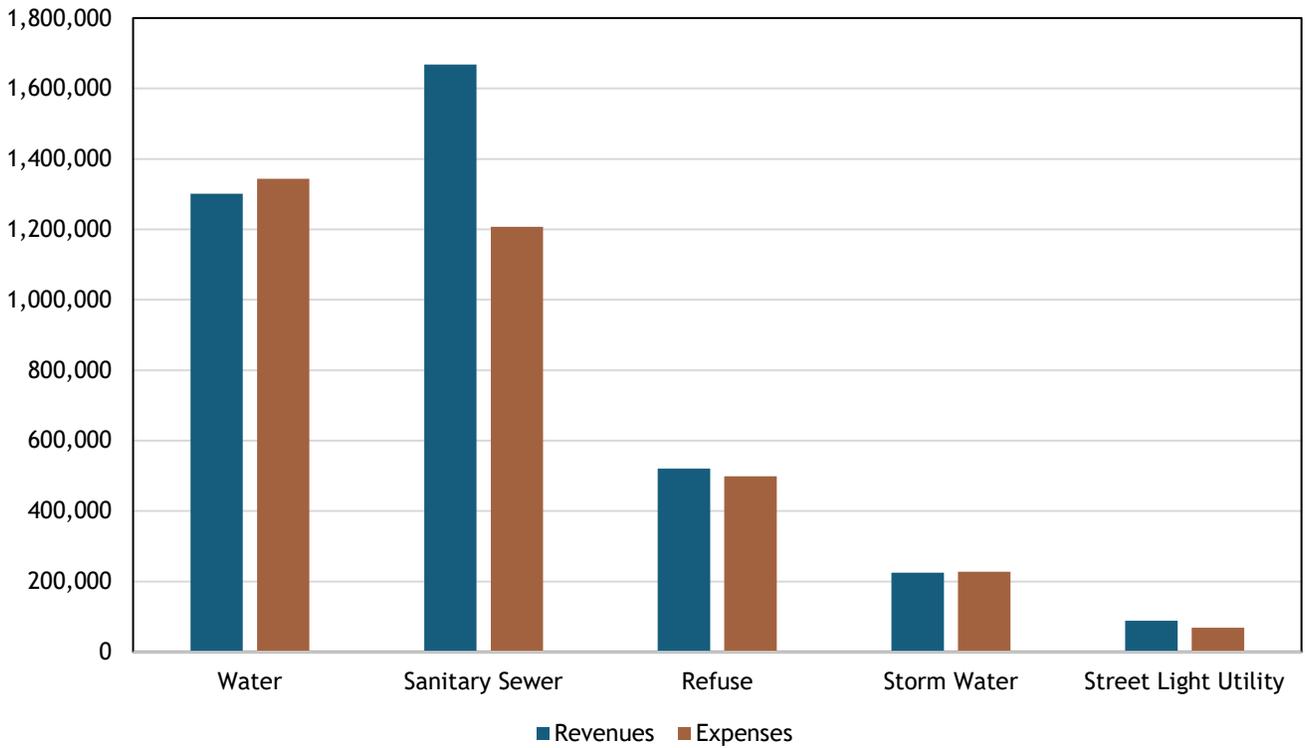


**City of St. Joseph
Management's Discussion and Analysis**

Revenues by Source - Business-type Activities



Program Revenues and Expenses Business-type Activities



**City of St. Joseph
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS AT THE FUND LEVEL

Governmental Funds

The financial performance of the City of St. Joseph as a whole is reflected in its governmental funds as well. As the City completed the fiscal year 2024, its governmental funds reported a combined fund balance of \$20,420,970, an increase of \$1,213,177 from 2023. Revenues for the City's governmental funds were \$10,628,618, while expenditures were \$10,270,205. The excess of revenues over expenditures of \$358,413 is largely attributed to construction costs relating to prepaid special assessments for improvement bonds funds, significant development charges for services, interest earnings, and uncommitted local option sales tax revenues. After adding other financing sources and uses, the net change in fund balance resulted in the increase mainly from 2024A bond proceeds. By removing the major funds: the general fund, 2016B improvement bonds fund, and the St. Joseph community center/YMCA construction fund, governmental revenues exceeded expenditures by \$1,018,320. The major funds will be discussed further below. A couple non-major funds to recognize are the 2019A G.O. industrial park bonds and state collected sales tax fund. The 2019A bonds received prepaid assessments totaling \$565,418 as eight lots sold in the Northland Business Center industrial park. The cash and investment balance in this fund is significant causing interest earnings to be higher than anticipated. The bonds can be called early in 2027 and may have the funds to be initialize an early defeasance. The state collected sales tax fund received \$656,612 in local option sales tax revenues in 2024. The sales tax is used for projects approved by state statute and voted on by referendum in the community. The revenues are reserved for future projects to be determined by the city council. Current projects expended with local option sales tax includes the St. Joseph Community Center/YMCA bonds and the Field Street bonds at an annual cost of \$450,000 of local option sales tax revenues.

A summary of financial highlights for each major governmental fund follows.

General Fund

The general fund is the chief operating fund of the City of St. Joseph. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,138,840, an increase of \$513,109. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 62% (7.5 months) working capital and 55% (6.6 months) compared to the budgeted 2025 expenditures. The City Council has adopted a financial policy which includes a goal to maintain the general fund working capital fund balance equal to 4-6 months of expenditures. The excess unassigned fund balance can be attributed to budgeted and unspent 5-year capital budget reserves, budgeting conservatively for interest earnings and grants, higher than anticipated building and development fees, and transfers to reimburse capital campaign costs. General fund revenues exceeded budgeted amounts by \$481,907. The largest variance came from intergovernmental revenues, investment income, and licensing and permitting revenues. State police aid and the remaining realized ARPA grant dollars were the largest drivers in intergovernmental revenue variances Development and building permit fees, along with interest revenues are budgeted conservatively. Development was also better than anticipated with seven new commercial/industrial buildings and nine single-family home permits.

General fund expenditures were over budget by \$106,451. The City of St. Joseph established a five-year capital plan where funds were set aside each year for future purchases. The capital outlay

**City of St. Joseph
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS AT THE FUND LEVEL (CONTINUED)

General Fund (Continued) expenditures will report over or under budget each year depending upon when capital equipment is purchased. In 2024 total capital outlay reported over-spent by \$18,731. In 2024, the City of St Joseph spent the remaining ARPA grant and 44% of the one-time Minnesota public safety aid on capital projects.

General government current expenditures reported over budget by \$87,720; 2% of the budgeted expenditures. There was staff turnover in this category in 2024 with a utility worker retiring. A replacement was promoted, along with a second to fill a new position, from a maintenance worker staff with two maintenance workers. Shuffling the positions and their time allocation affected the budget. Also, winter was dryer and warmer than average winter. The city budgets an average year for snow and ice removal. The result was budget savings of \$119,165 in this category but shifted to other functions. Public safety expenditures reported under budget by \$163,782. A full-time police officer went on unpaid family leave towards the end of the year. The shift hours were left vacant for a period of time. Health insurance is budgeted as family city contributions, a couple of officers opt for single coverage. The excess budget is transferred into the retirement reserve account. The culture and recreation category had the largest amount over budget of \$223,905. A large portion of the excess expenditures includes wage shifts for the two new maintenance workers, time allocation on parks versus ice and snow removal, and final contract payments to Kinetic for capital campaign for the community center/YMCA.

As a result of the prudent financial policies of the City, the general fund remained stable. The schedule below presents a summary of general fund revenues and expenditures.

	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent Change
Revenues				
Taxes and franchise fees	\$ 2,756,599	\$ 2,651,858	\$ 104,741	4%
Special assessment	59,979	31,864	28,115	88%
Licenses and permits	336,464	437,341	(100,877)	-23%
Intergovernmental	1,936,261	2,021,446	(85,185)	-4%
Charges for services	65,544	66,130	(586)	-1%
Fines and forfeitures	55,130	121,477	(66,347)	-55%
Miscellaneous	239,050	252,270	(13,220)	-5%
Total General fund revenue	\$ 5,449,027	\$ 5,582,386	\$ (133,359)	-2%
	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent Change
Expenditures				
General government	\$ 1,299,995	\$ 1,285,126	\$ 14,869	1%
Public safety	2,420,223	2,131,389	288,834	14%
Public works	745,201	882,705	(137,504)	-16%
Economic development	-	-	-	100%
Culture and recreation	1,010,983	860,980	150,003	17%
Total General fund expenditures	\$ 5,476,402	\$ 5,160,200	\$ 316,202	6%

**City of St. Joseph
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS AT THE FUND LEVEL (CONTINUED)

General Fund Budgetary Highlights

The general fund budget did not change in 2024. A description of the budget to actual variances were described on the previous two pages.

- Actual revenues were \$481,907 more than budgeted.
- Actual expenditures were \$106,451 more than the budget.
- After other financing sources and uses, the general fund budgeted a \$489,186 reduction in the fund balance. The actual results were better than budgeted projections with a \$375,456 positive change in fund balance.

Proprietary Funds. The City of St. Joseph's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the proprietary funds increased \$1,528,280 overall. The following five paragraphs provide a brief financial overview of each major proprietary fund.

Water Enterprise Fund

The water fund is used to account for the operations of the city's water utility. In 2024, the water fund's net position increased \$95,939. Before transfers and capital contributions, the operating income reported a \$65,146 deficit. The change in net position includes depreciation of \$465,903. The water operating revenues are covering 77% of the depreciation. Bonded debt payments in the water fund totaled \$593,126. Debt payments are covered by water rates, water connection and trunk fees, and transfers from the sewer fund. Water rates have been incrementally increased over the past few years to cover operational costs as well as water related debt. The current rates are sufficient for the water fund operations and debt costs. Water revenues are set aside for future improvements such as required maintenance on the current water tower and adding a second water tower to the utility system. Water connections can dip in down economic times. Having water reserves can level rate adjustments and help weather difficult economic times. Connections in 2024 were up with new development. Starting in 2021, city council approved converting the mechanically read water meters to cellular read meters. The project is covered through water rates and will continue for the next couple of years until all meters are converted. Rates are reviewed annually as part of the budget adoption.

Sanitary Sewer Enterprise Fund

The sanitary sewer fund is used to account for the operations of the city's sanitary sewer utility. In 2024, the sanitary sewer fund's net position increased \$1,343,667 and realized \$410,038 in operating income. User fees are covering 100% of the depreciation, and 100% of the non-operating revenues and expenses. As a contract user of the St. Cloud Wastewater Treatment Facility, St. Joseph is obligated to pay a portion of the costs to maintain the plant and conveyance system. St. Joseph issued five notes with the City of St. Cloud for various facility and conveyance projects. The notes are paid with reserved Sewer Access Charges (SAC), trunk fees and sewer usage rates. The development fees through 2024 assisted in covering debt costs. Rate increases on average 1-3% to cover operational and non-operational costs as well as the five-year capital improvement plan. Rates are reviewed annually as part of the budget adoption. The City of Foley purchased sewer treatment capacity from St. Joseph in 2023. The City of Foley will connect to the St. Cloud wastewater treatment facility in 2024 took over \$830,690 in notes payables from the City of St. Joseph. Without the gain on sale of the sewer rights asset, the sewer fund realized an increase in net position of \$536,794; a healthy number for current and future projects.

**City of St. Joseph
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS AT THE FUND LEVEL (CONTINUED)

Refuse Enterprise Fund

The refuse fund is used to account for the contract services to provide residential refuse, recycling, and compost services. The refuse fund ended 2024 with a net position of \$292,825, an increase of \$40,097. The city council approved increases in user fees to cover contracted services. The compost contract is renewed annually with C&L Excavating. Part of the five-year capital plan, the City of St. Joseph will explore locations for a future city-run compost site. Compost permits are covering annual seed funds to be able to open the site. The City of St. Joseph extended the refuse and recycling bid with Republic Services through 2026. Republic Services has provided the refuse and recycling services in the city for many years and is able to accommodate a spring and fall city-wide cleanup. Service fees increased with the contract, and passed onto the user fees.

Storm Water Enterprise Fund

The storm water fund is used to account for the operations of the city's storm water utility as mandated by the State of Minnesota. In 2024, the storm water fund's net position increased \$23,537. The storm water fund realized an operating loss of \$7,766, covering 95% depreciation. In 2018 the city council opted to reduce the storm water usage rates by half in order to accommodate increases in other utilities. When adding nonoperating revenues the storm water fund realized a gain of \$19,201. Nominal increases are expected in the future to continue covering operating and nonoperating costs. In addition, the storm water fund received \$21,931 in capital contributions to assist in the increased net position of the fund.

Street Light Utility Enterprise Fund

The street light utility fund is used to account for the operations of the city's street lighting. As of December 31, 2024, the street light utility fund's change in net position increased \$25,040, and an operating income of \$19,883. The city council kept rates the same since charges are covering expenses and the fund balance is healthy. The street light utility fund also covers expenses for holiday lights on the street lights and other utility poles along Minnesota Street and College Avenue. Overall, the net position of the street light utility fund has grown to \$149,456 since splitting from the general fund in 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets include land, intangible assets, buildings, improvements, machinery and equipment, infrastructure, easements, plant and lines, sewer rights, and construction in progress. The City of St. Joseph's net capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$51,183,013 (net of accumulated depreciation), a decrease of \$1,442,739. The decrease in net capital assets was attributed to selling sewer treatment rights to the City of Foley and increased accumulated depreciation. Net investment in capital assets increased \$2,958,622 with the asset additions.

**City of St. Joseph
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The table below is a summary of the City of St. Joseph's capital assets.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 762,197	\$ 762,197	\$ 377,882	\$ 377,882	\$ 1,140,079	\$ 1,140,079
Easements	439,993	331,093	67,915	67,915	507,908	399,008
Construction in progress	2,214,611	2,091,427	862,883	516,009	3,077,494	2,607,436
Improvements	1,465,290	1,485,284	315,193	315,193	1,780,483	1,800,477
Infrastructure	29,383,500	27,912,714	-	-	29,383,500	27,912,714
Buildings	7,421,043	7,421,043	8,797,686	8,797,686	16,218,729	16,218,729
Intangible assets	200,000	200,000	-	-	200,000	200,000
Plant and lines	-	-	28,895,938	28,511,969	28,895,938	28,511,969
Sewer rights	-	-	9,180,410	10,977,565	9,180,410	10,977,565
Machinery and equipment	6,281,942	5,922,607	1,308,475	1,310,028	7,590,417	7,232,635
Less: accumulated depreciation	<u>(27,939,779)</u>	<u>(26,343,575)</u>	<u>(18,852,166)</u>	<u>(18,031,285)</u>	<u>(46,791,945)</u>	<u>(44,374,860)</u>
Total net capital assets	<u>\$ 20,228,797</u>	<u>\$ 19,782,790</u>	<u>\$ 30,954,216</u>	<u>\$ 32,842,962</u>	<u>\$ 51,183,013</u>	<u>\$ 52,625,752</u>

Additional information on the City of St. Joseph's capital assets can be found in Note 6 beginning on page 58 of this report. Total depreciation expense for 2024 was \$2,957,011.

Long-Term Liabilities

The City of St. Joseph's long-term liabilities includes bonded debt, notes payables, compensated absences, and net pension liability. Overall, the long-term liabilities totaled \$25,607,377 as of December 31, 2024, a decrease of \$2,349,801.

The City of St. Joseph issued two debts and paid one debt in full. The City of Foley also took over \$830,690 from St. Joseph in two PFA loans for sewer treatment through the City of St. Cloud. The debts issued amount less than the amounts defeased. The bonds and notes liabilities decreased \$2,324,180 (including the change in amortized premiums). The 2024A bonds and St. Cloud metro force main PFA loan totaled \$1,584,914 while amount paid in 2024 amounted to \$2,859,292, plus the St. Cloud PFA loan reductions of \$830,690.

At the end of the current fiscal year, the City of St. Joseph had total net bonded debt outstanding of \$21,839,499. Of this amount, \$20,108,569 comprises debt backed by the full faith and credit of the government. The remainder of the City of St. Joseph's debt represents bonds and notes secured by specified revenue sources (i.e., utility bonds). Other long-term debt includes compensated absences payable and net pension liabilities.

**City of St. Joseph
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

Compensated absences decreased \$25,271 in 2024. The city had one long time employee retire in 2024 with maximum benefits accrued and added a full-time Utility Worker. The additional full-time employee brings the number of full-time employments to 31 employees, one more than 2023. Employees added to their accrual balances and pay rates increased in 2024 with a general increase of 3%. The City of St. Joseph implemented GASB 101 in 2024, but the impact was minimal since the city recognizes 100% of the accrued benefits already.

Net pension liability accounts for the City's portion of the Public Employees Retirement Association of Minnesota (PERA). As per Minnesota Statutes, the City is required to participate in the PERA program. The City's share of the liability fluctuates each year based on law changes and funding levels. For 2024, the net pension liability decreased \$410,477.

An illustration of the city's long-term liabilities is included in the table below.

Outstanding Long-Term Liabilities

	2024	2023	Increase (Decrease)	Percent Change
Governmental Activities				
General obligation bonds	\$ 4,310,909	\$ 4,776,046	\$ (465,137)	-10%
General obligation special assessment bonds	9,702,552	10,042,830	(340,278)	-3%
General obligation abatement bonds	6,095,108	6,342,262	(247,154)	-4%
Compensated absences payable	589,633	635,770	(46,137)	-7%
Net pension liability	1,521,202	1,827,943	(306,741)	-17%
Total governmental activities	\$ 22,219,404	\$ 23,624,851	\$ (1,405,447)	-6%
Business-Type Activities				
General obligation revenue bonds	\$ 1,730,930	\$ 2,440,474	\$ (709,544)	-29%
Notes payable	3,005,070	3,567,137	(562,067)	-16%
Compensated absences payable	173,175	152,659	20,516	13%
Net pension liability	164,351	268,087	(103,736)	-39%
Total business-type activities	\$ 5,073,526	\$ 6,428,357	\$ (1,354,831)	-21%

The City of St. Joseph issued \$977,000 general obligation special assessment bonds, series 2024A in fall 2024. The bonds paid for the 2024 street overlays improvements in the Forest Manor subdivision and St. Joseph Industrial Park East subdivision on Pearl Drive and 304th Street. The bonds also paid for trail improvements in Klinefelter Park and Liberty Pointe 2nd Addition.

The St. Cloud PFA loan partial issuance of \$607,914 is for the St. Joseph allocation for the construction to date on the metro force main replacement in St. Cloud.

**City of St. Joseph
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

The City of St. Joseph maintained their long-term bond rating AA-/Stable from S&P Global on the 2023A bond issue and reaffirmed their AA-/Stable long-term rating on their previous bond ratings. The city did not get an update on the bond rating with the 2024A bond issuance due to the size of the issue (under \$1 million). The report stated St. Joseph has maintained a stable history of operational performance, as the city maintains a very strong reserve and liquidity, and which is believed has positioned the city well to hold steady during uncertain economic times. Historically, the city has consistently maintained reserves at a level above its fund balance policy of four-to-six months of expenditures, which S&P Global believe provides financial flexibility in times of stress. S&P Global's assessment reflects the city's access to a broad and diverse MSA population, strong financial management, adequate budget performance, very strong budgetary flexibility, and very strong liquidity. The debt and contingent liabilities of the city was rated weak with high debt service fixed costs, but rapid amortization, with 84.4% of debt scheduled to be retired in ten years.

Minnesota Statutes limit the amount of net general obligation debt a governmental entity may issue to 3% of its taxable market value. Net general obligation debt is debt solely paid for, with limited exceptions, by ad valorem taxes. The current debt limitation for the City of St. Joseph is \$19,927,500 which significantly exceeds the outstanding pure general obligation debt of \$4,680,000.

Additional information on the city's long-term liabilities can be found in Note 7 beginning on page 60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The past few years have been exciting in the City of St. Joseph after several years of contracting economies from the 2008 Great Recession. After several years of declining market values and slow development, the city's taxable market value increased 47% in the past five years, 9% in 2024, and development continues to be encouraging. As a result of improved conditions, the city has been able to keep a stable tax rate while maintaining service levels.

In 2024, nine new single-family home permits were issued, and new commercial construction permits issued for seven commercial and industrial buildings. The new commercial and industrial buildings include The House Food and Tap, Hansen and Co. Woodworks, TB Investments, Promotional Resources expansion, Floor to Ceiling, Premier Stone, and Interstate Bearing. All, but The House Food and Tap and Interstate Bearing are new buildings in the industrial park expansion area. Adding remodel and maintenance-type commercial and residential permits for the year, the City of St. Joseph issued 418 building permits with a permit valuation of \$26,653,615. An average year sees around 350 building permits issued.

Downtown development continues in St. Joseph. The city council approved a mixed-use redevelopment tax increment financing building in 2007 to start the investment in reimagining the downtown. Since then, two mixed-use buildings were constructed, several storefronts upgraded and remodeled, historical structures were refaced, and new businesses were added. The most recent addition was replacing a run-

**City of St. Joseph
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

down vehicle service station that was closed for many years to The House Food and Tap. Now the entrance to the western edge of downtown has a welcoming building for visitors and families to gather. The shops, restaurants, bars and establishments are a draw to visitors from near and far. Many visitors lodge at the Estates Bed and Breakfast at the east-end of the downtown while visiting St. Joseph. The downtown provides a safe and warm welcome to all who visit.

The expanded industrial park, known as Northland Business Center, had five new businesses begin construction in 2024. The Northland Business Center is a public-private partnership with a developer to add commercial and industrial lots in the City of St. Joseph. The city was awarded \$1.245 million in Minnesota BDPI grant funds to assist with infrastructure costs to expand the business park. CLC Partners and the City of St. Joseph financed the remaining costs that are reimbursed as lots are sold. At the end of 2024, three lots remain for sale out of the original 26 lots available. The lots sold faster than anticipated, adding jobs and tax base to the City of St. Joseph.

As stated, single-family residential construction included nine new homes built in 2024. Nationally and in Minnesota, the housing market is improving. In the City of St. Joseph, two developers recently expanded their developments to provide 34 lots in three subdivisions. In addition, the Country Manor Senior Living Campus development constructed seven single-family patio homes in their first phase of development. The first phase includes ten detached patio home lots. The remaining three lots have been purchased by Berscheid Builders, LLC. CLC Partners purchased the abutting Outlot in the Country Manor Senior Living Campus subdivision which has been preliminary platted for 30 single-family patio homes. Country Manor plans two market rate apartments on the north side of their planned unit development. The first 51-unit apartment was constructed in 2023, and an additional 50-unit apartment is planned in the next few years. There are two other market rate apartments proposed for 2025, a 27-unit apartment in the Hill Street neighborhood, and a 42-unit apartment off 20th Ave SE. St. Joseph is fortunate to have a very low foreclosure rate. In fact, homes that become available for sale do not stay on the market for an extended period. The city council set a priority to work with developers to expand the available residential lots.

In addition to new construction, current structures have impacted on the net tax capacity. The sale prices have increased along with the assessors estimated market values for existing properties. To stay in compliance with Minnesota Statutes, the sales price ration indicated the need to increase existing market values. This combined with the new buildings, market values increased 9% for the 2024 taxable market values.

The City of St. Joseph submitted a bonding request for State Legislative consideration in 2020 for the community center. The State of Minnesota included funding the \$4M request for the St. Joseph Community Center in their fall 2020 bonding bill. The city began pre-design phase and hired a firm, Kinetic, to conduct a capital campaign for the project in 2023 through 2024. In addition, the City of St. Joseph and the YMCA partnered for operations of the new facility. The City of St. Joseph will own the facility and lease the operations to the St. Cloud Area Family YMCA (YMCA). The YMCA is assisting with the design phase and capital campaign to help build the recreational facility to meet the operational

**City of St. Joseph
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

needs in the future. The capital campaign raised over \$2.4M in pledges as of the end of 2024. Beginning in 2025, the city council switched capital campaign management firms from Kinetic to Jon Ruis Consulting to complete the fundraising for the project. The City of St. Joseph also contracted with HMA Architect for design and bidding, W. Gohman Construction as construction management, and S.E.H. for civil engineering. The St Joseph Community Center/YMCA will be located east of the St. Joseph Government Center on a vacant 8.35-acre lot owned by the city. A 45,000 square foot facility is planned for phase I with construction planned to begin in 2026.

In 2018, the City of Foley began negotiating with the City of St. Cloud and area cities to connect to the St. Cloud wastewater treatment facility. The sewer use agreement includes the contracted area cities of St. Joseph, St. Cloud, St. Augusta, Waite Park, Sartell, and Sauk Rapids. The area cities agreed to amending the sewer use agreement and pooled capacity to allow the City of Foley to join. As a new user, the City of Foley reimbursed the cities selling their pooled capacity and take over future debt payments for their new portion of the treatment facility. The City of St. Joseph approved selling their pooled capacity to the City of Foley. Under the new amendment, St. Joseph received an upfront reimbursement of \$1,449,288 for their purchased debt through 2023. Beginning in 2024, the City of Foley will realize their portion of plant capacity debt payments and will reduce the amount owed by the City of St. Joseph. Future debt savings for St. Joseph is estimated to be \$830,690 from 2024 through 2030. The City of St. Joseph plans to use the reimbursements for future sewer improvements and reduce the sewer service costs to rate payers.

In 2020, the United States and around the world felt the economic impact of the COVID-19 virus pandemic. The United States, State of Minnesota and the City of St. Joseph declared public health emergencies to respond to the pandemic. In 2021, The President signed the American Rescue Plan Act (ARPA) where direct funding to municipalities was available. The City of St. Joseph received \$803,334 between 2021 and 2024. As of December 31, 2024, the City of St. Joseph spent down the grant dollars on the main server upgrades, finance software, surveillance cameras, technology updates, body cameras, police radar and rifles, outdoor pickleball courts and cellular water meters.

The City of St. Joseph was awarded Minnesota DNR and LCCMR grants in the amounts of \$250,385 and \$700,000, respectively, for the first phase development of Rivers Bend Park. The first phase will consist of paved parking, paved natural trails, canoe/kayak landing improvements, handicap dock, trees and plantings. City council also approved \$300,000 of city funds from the St. Cloud Area local option sales tax funds. Construction began in summer 2024 with completion in summer 2025.

REQUESTS FOR INFORMATION

The audited financial report is designed to provide a general overview of the City of St. Joseph's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 75 Callaway Street East, St. Joseph, MN 56374.



CITY OF ST. JOSEPH

BASIC FINANCIAL STATEMENTS

City of St. Joseph
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 19,738,746	\$ 6,259,946	\$ 25,998,692
Property tax receivable	16,394	5	16,399
Accounts receivable	54,300	571,135	625,435
Interest receivable	108,830	34,909	143,739
Due from other governments	1,436,339	-	1,436,339
Notes receivable	28,754	-	28,754
Lease receivable	8,325	74,922	83,247
Special assessments receivable			
Delinquent	395	684	1,079
Deferred	1,799,424	31,333	1,830,757
Inventories	-	39,405	39,405
Net pension asset	315,664	-	315,664
Capital assets not being depreciated			
Land	762,197	377,882	1,140,079
Easements	439,993	67,915	507,908
Construction in progress	2,214,611	862,883	3,077,494
Capital assets being depreciated			
Buildings	7,421,043	8,797,686	16,218,729
Infrastructure	29,383,500	-	29,383,500
Improvements	1,465,290	315,193	1,780,483
Intangible asset	200,000	-	200,000
Plant and lines	-	28,895,938	28,895,938
Machinery and equipment	6,281,942	1,308,475	7,590,417
Sewer rights	-	9,180,410	9,180,410
Less accumulated depreciation	(27,939,779)	(18,852,166)	(46,791,945)
Capital assets (net of accumulated depreciation)	<u>20,228,797</u>	<u>30,954,216</u>	<u>51,183,013</u>
Total assets	<u>43,735,968</u>	<u>37,966,555</u>	<u>81,702,523</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	<u>1,853,535</u>	<u>60,909</u>	<u>1,914,444</u>
Total assets and deferred outflows of resources	<u>\$ 45,589,503</u>	<u>\$ 38,027,464</u>	<u>\$ 83,616,967</u>

City of St. Joseph
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 119,386	\$ 58,404	\$ 177,790
Contracts payable	56,016	-	56,016
Due to other governments	6,972	161,484	168,456
Salaries and benefits payable	159,288	14,400	173,688
Interest payable	45,536	25,036	70,572
Unearned revenue	5,599	-	5,599
Bond principal payable (net)			
Payable within one year	1,938,000	685,000	2,623,000
Payable after one year	18,170,569	1,045,930	19,216,499
Notes payable (net)			
Payable within one year	-	395,299	395,299
Payable after one year	-	2,609,771	2,609,771
Compensated absences payable			
Payable within one year	195,921	43,717	239,638
Payable after one year	393,712	129,458	523,170
Net pension liability	1,521,202	164,351	1,685,553
Total liabilities	<u>22,612,201</u>	<u>5,332,850</u>	<u>27,945,051</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	2,187,738	106,102	2,293,840
Deferred inflows of resources related to debt	5,550	11,924	17,474
Deferred inflows of resources related to leases	8,325	74,922	83,247
Total deferred inflows of resources	<u>2,201,613</u>	<u>192,948</u>	<u>2,394,561</u>
Net Position			
Net investment in capital assets	9,065,672	26,218,216	32,988,865
Restricted for			
Debt service	5,612,953	-	5,612,953
Other purposes	4,711,520	-	4,711,520
Unrestricted	1,385,544	6,283,450	9,964,017
Total net position	<u>20,775,689</u>	<u>32,501,666</u>	<u>53,277,355</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 45,589,503</u>	<u>\$ 38,027,464</u>	<u>\$ 83,616,967</u>



CITY OF ST. JOSEPH

City of St. Joseph
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,473,900	\$ 124,443	\$ 1,101	\$ -	\$ (1,348,356)	\$ -	\$ (1,348,356)
Public safety	2,929,038	510,664	315,945	150,927	(1,951,502)	-	(1,951,502)
Public works	1,932,425	42,496	-	828,200	(1,061,729)	-	(1,061,729)
Economic development	318,448	24,561	-	-	(293,887)	-	(293,887)
Culture and recreation	773,081	40,767	13,742	724,542	5,970	-	5,970
Interest on long-term debt	572,818	-	-	-	(572,818)	-	(572,818)
Total governmental activities	<u>7,999,710</u>	<u>742,931</u>	<u>330,788</u>	<u>1,703,669</u>	<u>(5,222,322)</u>	<u>-</u>	<u>(5,222,322)</u>
Business-type activities							
Water	1,343,333	1,299,979	678	212	-	(42,464)	(42,464)
Sanitary sewer	1,206,960	1,667,481	739	-	-	461,260	461,260
Refuse	498,932	519,726	407	-	-	21,201	21,201
Storm water	227,632	219,866	5,419	-	-	(2,347)	(2,347)
Street light utility	68,417	88,300	49	-	-	19,932	19,932
Total business-type activities	<u>3,345,274</u>	<u>3,795,352</u>	<u>7,292</u>	<u>212</u>	<u>-</u>	<u>457,582</u>	<u>457,582</u>
Total governmental and business-type activities	<u>\$ 11,344,984</u>	<u>\$ 4,538,283</u>	<u>\$ 338,080</u>	<u>\$ 1,703,881</u>	<u>(5,222,322)</u>	<u>457,582</u>	<u>(4,764,740)</u>
General revenues							
Property taxes					4,101,940	4	4,101,944
Tax increments					157,342	-	157,342
Sales taxes					656,612	-	656,612
Lodging taxes					13,738	-	13,738
Miscellaneous taxes					1,948	-	1,948
Franchise fees					187,873	-	187,873
State aids					1,545,272	-	1,545,272
Unrestricted investment earnings					907,517	237,363	1,144,880
Gain on sale of assets					52,804	806,873	859,677
Transfers					2,495	(2,495)	-
Total general revenues and transfers					<u>7,627,541</u>	<u>1,041,745</u>	<u>8,669,286</u>
Change in net position					<u>2,405,219</u>	<u>1,499,327</u>	<u>3,904,546</u>
Net position - beginning					<u>18,370,470</u>	<u>31,002,339</u>	<u>49,372,809</u>
Net position - ending					<u>\$ 20,775,689</u>	<u>\$ 32,501,666</u>	<u>\$ 53,277,355</u>

City of St. Joseph
Balance Sheet - Governmental Funds
December 31, 2024

	General Fund (101-110)	Debt Service	Capital Projects		Total Governmental Funds
		G.O. Improvement Bonds of 2016B (304)	Community Center/YMCA (402)	Other Governmental Funds	
Assets					
Cash and investments	\$ 5,208,869	\$ 172,920	\$ 6,021,051	\$ 8,718,745	\$ 20,121,585
Taxes receivable - delinquent	11,796	20	-	4,578	16,394
Special assessments receivable					
Delinquent	-	-	-	395	395
Deferred	192,541	527,755	-	1,079,128	1,799,424
Accounts receivable	42,883	-	-	11,417	54,300
Interest receivable	22,504	1,177	30,491	54,658	108,830
Due from other funds	-	-	-	1,300	1,300
Due from other governments	1,008,025	31	-	428,283	1,436,339
Notes receivable	-	-	-	28,754	28,754
Lease receivable	8,325	-	-	-	8,325
Total assets	\$ 6,494,943	\$ 701,903	\$ 6,051,542	\$ 10,327,258	\$ 23,575,646
Liabilities					
Accounts payable	\$ 82,697	\$ -	\$ -	\$ 36,689	\$ 119,386
Contracts payable	8,846	-	-	47,170	56,016
Due to other funds	-	-	-	1,300	1,300
Due to other governments	6,724	-	-	248	6,972
Salaries and benefits payable	76,472	-	-	82,816	159,288
Unearned revenue	5,599	-	-	-	5,599
Total liabilities	180,338	-	-	168,223	348,561
Deferred Inflows of Resources					
Unavailable revenue - property taxes	11,796	20	-	4,578	16,394
Unavailable revenue - special assessments	192,541	527,755	-	1,079,523	1,799,819
Unavailable revenue - state shared taxes	981,577	-	-	-	981,577
Unavailable revenue - lease receivable	8,325	-	-	-	8,325
Total deferred inflows of resources	1,194,239	527,775	-	1,084,101	2,806,115
Fund Balances					
Restricted	140,774	174,128	6,051,542	7,011,226	13,377,670
Committed	-	-	-	626,195	626,195
Assigned	1,840,752	-	-	1,438,467	3,279,219
Unassigned	3,138,840	-	-	(954)	3,137,886
Total fund balances	5,120,366	174,128	6,051,542	9,074,934	20,420,970
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,494,943	\$ 701,903	\$ 6,051,542	\$ 10,327,258	\$ 23,575,646

City of St. Joseph
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
Year Ended December 31, 2024

Total fund balances - governmental funds	\$ 20,420,970
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	48,168,576
Less accumulated depreciation/amortization	(27,939,779)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable, net of premiums and discounts	(20,108,569)
Deferred charges on refunding	(5,550)
Compensated absences payable	(589,633)
Net pension liability	(1,521,202)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	16,394
Special assessments	395
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the funds.	
Deferred special assessments	1,799,424
MSA Receivable	981,577
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(2,187,738)
Deferred outflows of resources related to pensions	1,853,535
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	
Fire relief net pension asset	315,664
The water access capital project fund is proprietary in nature and, therefore, included in the business-type activities in the Statement of Net Position.	
	(315,691)
The sewer access capital project fund is proprietary in nature and, therefore, included in the business-type activities in the Statement of Net Position.	
	(67,148)
Governmental funds do not report a liability for accrued interest due and payable.	
	<u>(45,536)</u>
Total net position - governmental activities	<u><u>\$ 20,775,689</u></u>

City of St. Joseph
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2024

	General Fund (101-110)	Debt Service		Capital Projects
		G.O. Improvement Bonds of 2016B (304)	Formerly G.O. Industrial Park Bonds of 2019A (308)	Community Center/YMCA (402)
Revenues				
Property taxes	\$ 2,566,778	\$ 4,997	\$ -	\$ -
Tax increments	-	-	-	-
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Miscellaneous taxes	1,948	-	-	-
Special assessments	59,979	22,344	-	-
Franchise fees	187,873	-	-	-
Licenses and permits	336,464	-	-	-
Intergovernmental	1,936,261	-	-	-
Charges for services	65,544	-	-	-
Fines and forfeitures	55,130	-	-	-
Miscellaneous				
Investment income	153,545	8,087	-	55,292
Contributions and donations	16,242	-	-	226,900
Revolving loan repayments	-	-	-	-
Other	69,263	-	-	-
Total revenues	<u>5,449,027</u>	<u>35,428</u>	<u>-</u>	<u>282,192</u>
Expenditures				
Current				
General government	1,275,664	-	-	-
Public safety	2,219,673	-	-	-
Public works	693,138	-	-	-
Culture and recreation	714,445	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	-	50,000	-	-
Interest and other charges	-	11,372	-	-
Capital outlay				
General government	24,331	-	-	-
Public safety	200,550	-	-	-
Public works	52,063	-	-	-
Culture and recreation	296,538	-	-	2,000
Total expenditures	<u>5,476,402</u>	<u>61,372</u>	<u>-</u>	<u>2,000</u>
Excess of revenues over (under) expenditures	(27,375)	(25,944)	-	280,192
Other Financing Sources (Uses)				
Insurance recoveries	20,070	-	-	-
Sale of property	36,874	-	-	-
Bonds issued	-	-	-	-
Transfers in	616,355	5,000	-	-
Transfers out	(132,815)	-	-	(577,500)
Total other financing sources (uses)	<u>540,484</u>	<u>5,000</u>	<u>-</u>	<u>(577,500)</u>
Net change in fund balances	513,109	(20,944)	-	(297,308)
Fund Balances				
Beginning of year, as previously stated	4,607,257	-	952,132	6,348,850
Change within financial reporting entity (See Note 13)	-	195,072	(952,132)	-
Beginning of year, as restated	<u>4,607,257</u>	<u>195,072</u>	<u>-</u>	<u>6,348,850</u>
End of year	<u>\$ 5,120,366</u>	<u>\$ 174,128</u>	<u>\$ -</u>	<u>\$ 6,051,542</u>

Other Governmental Funds	Total Governmental Funds
\$ 1,527,537	\$ 4,099,312
157,342	157,342
656,612	656,612
13,738	13,738
-	1,948
991,425	1,073,748
-	187,873
-	336,464
361,530	2,297,791
408,013	473,557
-	55,130
677,984	894,908
55,822	298,964
1,064	1,064
10,904	80,167
<u>4,861,971</u>	<u>10,628,618</u>
-	1,275,664
378,880	2,598,553
-	693,138
1,562	716,007
317,785	317,785
1,805,000	1,855,000
752,617	763,989
7,573	31,904
118,758	319,308
1,033,431	1,085,494
314,825	613,363
<u>4,730,431</u>	<u>10,270,205</u>
131,540	358,413
-	20,070
19,000	55,874
977,000	977,000
716,019	1,337,374
(825,239)	(1,535,554)
<u>886,780</u>	<u>854,764</u>
1,018,320	1,213,177
7,299,554	19,207,793
757,060	-
<u>8,056,614</u>	<u>19,207,793</u>
<u>\$ 9,074,934</u>	<u>\$ 20,420,970</u>

City of St. Joseph
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement
of Activities - Governmental Funds
Year Ended December 31, 2024

Total net change in fund balances - governmental funds	\$ 1,213,177
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	2,052,796
Capital contributions	219,206
Depreciation expense	(1,791,100)
Disposal of capital assets	(3,070)
Transferred to proprietary funds	(31,825)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in net position in the Statement of Activities.	
	1,855,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	14,767
Amortization of bond discounts, premiums and deferred charges	176,404
Proceeds from long-term debt are recognized as an other financing source in the governmental funds but as a decrease in net position in the Statement of Activities.	
	(977,000)
Compensated absence payments are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	45,787
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.	
Delinquent special assessments	154
Delinquent property taxes	2,628
Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	(674,207)
MSA receivable	307,051
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	(33,502)
The water access capital project fund is proprietary in nature and, therefore, is reported with business-type activities.	
	58,350
The sewer access capital project fund is proprietary in nature and, therefore, is reported with business-type activities.	
	(29,397)
Change in net position - governmental activities	<u>\$ 2,405,219</u>

City of St. Joseph
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 2,564,054	\$ 2,566,778	\$ 2,724
Miscellaneous taxes	750	1,948	1,198
Special assessments	5,500	59,979	54,479
Franchise fees	193,225	187,873	(5,352)
Licenses and permits	234,620	336,464	101,844
Intergovernmental	1,727,106	1,936,261	209,155
Charges for services	73,965	65,544	(8,421)
Fines and forfeitures	72,500	55,130	(17,370)
Miscellaneous revenues			
Investment income	25,000	153,545	128,545
Contributions and donations	1,400	16,242	14,842
Other	69,000	69,263	263
Total revenues	<u>4,967,120</u>	<u>5,449,027</u>	<u>481,907</u>
Expenditures			
Current			
General government	1,292,820	1,275,664	(17,156)
Public safety	2,383,455	2,219,673	(163,782)
Public works	648,385	693,138	44,753
Culture and recreation	490,540	714,445	223,905
Capital outlay			
General government	21,460	24,331	2,871
Public safety	304,391	200,550	(103,841)
Public works	52,950	52,063	(887)
Culture and recreation	175,950	296,538	120,588
Total expenditures	<u>5,369,951</u>	<u>5,476,402</u>	<u>106,451</u>
Excess of revenues over (under) expenditures	(402,831)	(27,375)	375,456
Other Financing Sources (Uses)			
Insurance recoveries	-	20,070	20,070
Sale of property	19,000	36,874	17,874
Transfers in	5,995	616,355	610,360
Transfers out	(111,350)	(132,815)	(21,465)
Total other financing sources (uses)	<u>(86,355)</u>	<u>540,484</u>	<u>626,839</u>
Net change in fund balances	<u>\$ (489,186)</u>	513,109	<u>\$ 1,002,295</u>
Fund Balances			
Beginning of year		<u>4,607,257</u>	
End of year		<u>\$ 5,120,366</u>	

City of St. Joseph
Statement of Net Positions - Proprietary Funds
December 31, 2024

	Water (601)	Sanitary Sewer (602)	Refuse (603)	Storm Water (651)	Street Light Utility (652)	Total
Assets						
Current assets						
Cash and investments	\$ 1,457,314	\$ 3,373,500	\$ 238,926	\$ 662,719	\$ 144,648	\$ 5,877,107
Taxes receivable - delinquent	5	-	-	-	-	5
Special assessments receivable						
Delinquent	273	283	101	18	9	684
Deferred	26,347	466	267	4,225	28	31,333
Accounts receivable	169,945	261,952	87,982	36,548	14,708	571,135
Interest receivable	11,380	18,424	1,149	3,207	749	34,909
Lease receivable	74,922	-	-	-	-	74,922
Inventory	39,405	-	-	-	-	39,405
Total current assets	<u>1,779,591</u>	<u>3,654,625</u>	<u>328,425</u>	<u>706,717</u>	<u>160,142</u>	<u>6,629,500</u>
Noncurrent assets						
Capital assets						
Land	372,941	4,941	-	-	-	377,882
Easements	-	-	-	67,915	-	67,915
Construction in progress	58,855	804,028	-	-	-	862,883
Buildings	7,502,432	1,295,254	-	-	-	8,797,686
Improvements	315,193	-	-	-	-	315,193
Plants and lines	11,624,003	9,940,908	-	7,331,027	-	28,895,938
Machinery and equipment	331,450	736,779	67,998	172,248	-	1,308,475
Sewer rights	-	9,180,410	-	-	-	9,180,410
Total capital assets	<u>20,204,874</u>	<u>21,962,320</u>	<u>67,998</u>	<u>7,571,190</u>	<u>-</u>	<u>49,806,382</u>
Less accumulated depreciation	<u>(8,242,796)</u>	<u>(8,145,366)</u>	<u>(51,577)</u>	<u>(2,412,427)</u>	<u>-</u>	<u>(18,852,166)</u>
Net capital assets	<u>11,962,078</u>	<u>13,816,954</u>	<u>16,421</u>	<u>5,158,763</u>	<u>-</u>	<u>30,954,216</u>
Total noncurrent assets	<u>11,962,078</u>	<u>13,816,954</u>	<u>16,421</u>	<u>5,158,763</u>	<u>-</u>	<u>30,954,216</u>
Total assets	<u>13,741,669</u>	<u>17,471,579</u>	<u>344,846</u>	<u>5,865,480</u>	<u>160,142</u>	<u>37,583,716</u>
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	<u>26,838</u>	<u>25,325</u>	<u>2,427</u>	<u>5,105</u>	<u>1,214</u>	<u>60,909</u>
Total assets and deferred outflows of resources	<u>\$ 13,768,507</u>	<u>\$ 17,496,904</u>	<u>\$ 347,273</u>	<u>\$ 5,870,585</u>	<u>\$ 161,356</u>	<u>\$ 37,644,625</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 10,884	\$ 5,758	\$ 36,222	\$ 579	\$ 4,961	\$ 58,404
Due to other governments	1,393	154,238	5,853	-	-	161,484
Salaries and benefits payable	6,640	5,280	568	880	1,032	14,400
Interest payable	1,784	23,252	-	-	-	25,036
Long-term liabilities due						
Within one year	575,435	545,734	987	1,367	493	1,124,016
Total current liabilities	<u>596,136</u>	<u>734,262</u>	<u>43,630</u>	<u>2,826</u>	<u>6,486</u>	<u>1,383,340</u>
Noncurrent liabilities						
Compensated absences	83,753	83,753	1,030	4,124	515	173,175
Notes payable, net	-	3,005,070	-	-	-	3,005,070
Bonds payable, net	1,162,700	568,230	-	-	-	1,730,930
Net pension liability	72,416	68,335	6,548	13,775	3,277	164,351
Less amounts due within one year	<u>(575,435)</u>	<u>(545,734)</u>	<u>(987)</u>	<u>(1,367)</u>	<u>(493)</u>	<u>(1,124,016)</u>
Total noncurrent liabilities	<u>743,434</u>	<u>3,179,654</u>	<u>6,591</u>	<u>16,532</u>	<u>3,299</u>	<u>3,949,510</u>
Total liabilities	<u>1,339,570</u>	<u>3,913,916</u>	<u>50,221</u>	<u>19,358</u>	<u>9,785</u>	<u>5,332,850</u>
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	46,751	44,116	4,227	8,893	2,115	106,102
Deferred inflows of resources related to leases	74,922	-	-	-	-	74,922
Deferred inflows of resources related to debt	6,162	5,762	-	-	-	11,924
Total deferred inflows	<u>127,835</u>	<u>49,878</u>	<u>4,227</u>	<u>8,893</u>	<u>2,115</u>	<u>192,948</u>
Net Position						
Net investment in capital assets	10,799,378	10,243,654	16,421	5,158,763	-	26,218,216
Unrestricted	<u>1,501,724</u>	<u>3,289,456</u>	<u>276,404</u>	<u>683,571</u>	<u>149,456</u>	<u>5,900,611</u>
Total net position	<u>12,301,102</u>	<u>13,533,110</u>	<u>292,825</u>	<u>5,842,334</u>	<u>149,456</u>	<u>32,118,827</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,768,507</u>	<u>\$ 17,496,904</u>	<u>\$ 347,273</u>	<u>\$ 5,870,585</u>	<u>\$ 161,356</u>	<u>\$ 37,644,625</u>

City of St. Joseph
Reconciliation of the Statement
of Net Positions - Business-Type Activities
December 31, 2024

Total net position - proprietary funds	\$ 32,118,827
Amounts reported for business-type activities in the Statement of Net Position are different because:	
The water access capital project fund is proprietary in nature and relates to water improvements for the applicable funds. Therefore, it is included as a business-type activity.	315,691
The sewer access capital project fund is proprietary in nature and relates to sewer improvements for the applicable funds. Therefore, it is included as a business-type activity.	<u>67,148</u>
Total net position - business-type activities	<u>\$ 32,501,666</u>

City of St. Joseph
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2024

	Water (601)	Sanitary Sewer (602)	Refuse (603)
Operating Revenues			
Charges for services	\$ 1,174,066	\$ 1,564,643	\$ 519,726
Operating Expenses			
Wages and salaries	257,742	202,691	23,850
Materials and supplies	286,955	32,880	3,498
Repairs and maintenance	97,055	40,311	1,250
Professional services	98,915	20,906	2,861
Insurance	25,420	11,927	-
Utilities	78,969	23,162	-
Depreciation	465,903	530,188	3,198
Contracted services	-	286,979	463,332
Equipment	2,843	1,677	-
Miscellaneous	12,738	3,884	943
Total operating expenses	<u>1,326,540</u>	<u>1,154,605</u>	<u>498,932</u>
Operating income (loss)	(152,474)	410,038	20,794
Nonoperating Revenues			
(Expenses)			
Investment income	78,964	124,162	7,581
Special assessments	890	739	407
Gain on disposal of asset	-	806,873	-
Property taxes	4	-	-
Interest expense	(58,962)	(55,997)	-
Amortization of bond premium	42,169	3,642	-
Other income	24,263	941	-
Total nonoperating revenues (expenses)	<u>87,328</u>	<u>880,360</u>	<u>7,988</u>
Income (loss) before capital contributions and transfers	(65,146)	1,290,398	28,782
Capital contributions	1,545	8,349	-
Transfers in	165,000	72,500	11,350
Transfers out	(5,460)	(27,580)	(35)
Change in net position	95,939	1,343,667	40,097
Net Position			
Beginning of year	<u>12,205,163</u>	<u>12,189,443</u>	<u>252,728</u>
End of year	<u>\$ 12,301,102</u>	<u>\$ 13,533,110</u>	<u>\$ 292,825</u>

Storm Water (651)	Street Light Utility (652)	Total
\$ 219,866	\$ 88,300	\$ 3,566,601
36,560	18,551	539,394
2,130	1,059	326,522
14,000	349	152,965
4,792	780	128,254
-	-	37,347
1,161	47,493	150,785
166,622	-	1,165,911
-	-	750,311
498	-	5,018
1,869	185	19,619
<u>227,632</u>	<u>68,417</u>	<u>3,276,126</u>
(7,766)	19,883	290,475
21,548	5,108	237,363
5,419	49	7,504
-	-	806,873
-	-	4
-	-	(114,959)
-	-	45,811
-	-	25,204
<u>26,967</u>	<u>5,157</u>	<u>1,007,800</u>
19,201	25,040	1,298,275
21,931	-	31,825
-	-	248,850
(17,595)	-	(50,670)
<u>23,537</u>	<u>25,040</u>	<u>1,528,280</u>
5,818,797	124,416	30,590,547
<u>\$ 5,842,334</u>	<u>\$ 149,456</u>	<u>\$ 32,118,827</u>



CITY OF ST. JOSEPH

City of St. Joseph
 Reconciliation of the Statement of Revenues, Expenses,
 and Changes in Fund Net Position - Business-Type Activities
 Year Ended December 31, 2024

Total net change in fund net position - proprietary funds	\$ 1,528,280
Amounts reported for business-type activities in the Statement of Activities are different because:	
Recognized current year activity from the water access capital project fund with the business-type activities.	(58,350)
Recognized current year activity from the sewer access capital project fund with the business-type activities.	29,397
Capital contributions from governmental activities	(31,825)
Transfers in of capital assets from governmental activities	<u>31,825</u>
Change in net position - business-type activities	<u><u>\$ 1,499,327</u></u>

City of St. Joseph
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Water (601)	Sanitary Sewer (602)	Refuse (603)	Storm Water (651)
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,160,767	\$ 1,538,344	\$ 502,840	\$ 219,170
Payments to suppliers	(636,751)	(595,046)	(462,668)	(28,163)
Payments to employees	(271,462)	(215,373)	(25,292)	(38,272)
Other miscellaneous receipts	24,790	1,645	431	10,614
Net cash flows - operating activities	<u>277,344</u>	<u>729,570</u>	<u>15,311</u>	<u>163,349</u>
Cash Flows - Noncapital Financing Activities				
Transfer from other funds	165,000	72,500	11,350	-
Transfer to other funds	(5,460)	(27,580)	(35)	(17,595)
Net cash flows - noncapital financing Activities	<u>159,540</u>	<u>44,920</u>	<u>11,315</u>	<u>(17,595)</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(535,000)	(692,067)	-	-
Interest paid on debt	(58,126)	(57,005)	-	-
Proceeds from disposal of capital assets	-	830,690	-	-
Acquisition of capital assets	(9,715)	(707,787)	-	(943)
Net cash flows - capital and related Financing activities	<u>(602,841)</u>	<u>(626,169)</u>	<u>-</u>	<u>(943)</u>
Cash Flows - Investing Activities				
Interest and dividends received	<u>80,653</u>	<u>125,078</u>	<u>7,684</u>	<u>21,180</u>
Net change in cash and cash equivalents	(85,304)	273,399	34,310	165,991
Cash and Cash Equivalents				
Beginning of year	<u>1,542,618</u>	<u>3,100,101</u>	<u>204,616</u>	<u>496,728</u>
End of year	<u>\$ 1,457,314</u>	<u>\$ 3,373,500</u>	<u>\$ 238,926</u>	<u>\$ 662,719</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (152,474)	\$ 410,038	\$ 20,794	\$ (7,766)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	465,903	530,188	3,198	166,622
Pension expense	(26,321)	(24,916)	(1,099)	(1,168)
Other miscellaneous receipts	24,790	1,645	431	10,614
Accounts receivable	(11,476)	(26,299)	(16,886)	(696)
Inventory	(8,250)	-	-	-
Accounts payable	(25,898)	(56,013)	7,097	(823)
Contracts payable	-	-	-	(2,890)
Due to other governmental units	292	(117,307)	2,119	-
Salaries payable	1,582	1,215	162	220
Compensated absences payable	11,019	11,019	(505)	(764)
Unearned revenue	(1,823)	-	-	-
Total adjustments	<u>429,818</u>	<u>319,532</u>	<u>(5,483)</u>	<u>171,115</u>
Net cash flows - operating activities	<u>\$ 277,344</u>	<u>\$ 729,570</u>	<u>\$ 15,311</u>	<u>\$ 163,349</u>
Non-Cash Capital and Financing Activities				
Capital asset contributions from governmental funds	\$ 1,545	\$ 8,349	\$ -	\$ 21,931

See notes to basic financial statements.

Street Light Utility (652)	Total
\$ 88,195	\$ 3,509,316
(49,530)	(1,772,158)
(19,087)	(569,486)
58	37,538
<u>19,636</u>	<u>1,205,210</u>

-	248,850
-	<u>(50,670)</u>
-	<u>198,180</u>

-	(1,227,067)
-	(115,131)
-	830,690
-	<u>(718,445)</u>
-	<u>(1,229,953)</u>

<u>5,101</u>	<u>239,696</u>
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24,737	413,133
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<u>119,911</u>	<u>5,463,974</u>
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<u>\$ 144,648</u>	<u>\$ 5,877,107</u>
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<u>\$ 19,883</u>	<u>\$ 290,475</u>
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-	1,165,911
(546)	(54,050)
58	37,538
(105)	(55,462)
-	(8,250)
336	(75,301)
-	(2,890)
-	(114,896)
263	3,442
(253)	20,516
-	(1,823)
<u>(247)</u>	<u>914,735</u>

<u>\$ 19,636</u>	<u>\$ 1,205,210</u>
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\$ -	\$ 31,825
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CITY OF ST. JOSEPH

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of St. Joseph (the "City") is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

Joint Ventures - The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Blended Component Unit

The St. Joseph Economic Development Authority (EDA) was organized for the purpose of preserving and creating jobs, enhancing the tax base, and promoting the general welfare of the people of the City. The St. Joseph EDA is governed by a five-member board appointed by the City Council, two members of which are City Council Members. The St. Joseph EDA is included as a blended component unit of the City because the St. Joseph EDA is financially accountable to the City, as the City Council approves the budget. The St. Joseph EDA provides services almost entirely for the City. The St. Joseph EDA is presented as the Economic Development Authority Special Revenue Fund. Separate financial statements are not prepared for the St. Joseph EDA.

2. Joint Ventures

The Central Minnesota Major Crime Investigation Unit is a group of local law enforcement officers within the four county surrounding areas that will be available to assist any of the participating entities in the investigation and solution of major crimes. During 2024, the City contributed \$16,986 to the organization. It is reported as a special revenue fund of the City of Sartell. Complete financial statements can be obtained from: City of Sartell, 125 Pine Cone Road North, Sartell, Minnesota 56377.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds:

Major Governmental Funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

G.O. Improvement Bonds of 2016B - This fund accounts for the payments made on principal and interest on bonds issued in relation to the 2016B G.O. Improvement Bonds.

Community Center/YMCA - This fund accounts for costs associated with the St. Joseph Community Center/YMCA construction.

Proprietary Funds:

Water Fund - This fund accounts for the operations of the City's water utility.

Sanitary Sewer Fund - This fund accounts for the operations of the City's sanitary sewer utility.

Refuse Fund - This fund accounts for the operations of the City's refuse and compost utility.

Storm Water Fund - This fund accounts for the operations of the City's storm water utility.

Street Light Utility Fund - This fund accounts for the operations of the City's street light utility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sanitary sewer, refuse, storm water, and street light utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sanitary Sewer, Refuse, Storm Water, and Street Light Utility Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes § 118A outlines types of investments allowed, which authorizes the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 7 days interest on the amount withdrawn.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Stearns County is the collecting agency for the levy and remits the collections to the City four times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

3. Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures at the time of consumption. Inventory is valued at cost using the first in, first out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000, \$25,000 for infrastructure, and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line full year convention method over the following estimated useful lives:

Assets	Years
Land improvements	5 - 20
Buildings	30 - 40
Building improvements	15
Infrastructure	10 - 50
Sewer rights	20 - 50
Furniture and fixtures	5 - 10
Vehicles	5 - 20
Equipment	3 - 7
Machinery	5 - 7

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity
(Continued)**

5. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

6. Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, lease receivable, and state shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years. The City presents deferred inflows of resources on the Statements of Net Position for the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and reacquisition price. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity
(Continued)**

7. Compensated Absences

The City compensates employees who leave City service in good standing for all earned, unused vacation. Employees can accrue up to 200 hours of vacation depending on years of service. The maximum amount of carryover from year-to-year is 100 hours or the amount of the current vacation accrual rate. In addition, employees are compensated for unused sick leave (up to a maximum of 720 hours or 960 hours for LELS and AFSCME employees) at various rates depending on the employee type and years of service, provided the City's notice of termination policy has been complied with.

8. Long-Term Obligations

In the government-wide financial statements and 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Equity

a) Classification

In the fund financial statements, governmental funds report fund classifications that comprise a Hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balances - These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include amounts set aside for prepaid items.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity
(Continued)**

10. Fund Equity (Continued)

a) Classification (Continued)

Restricted Fund Balances - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.

Committed Fund Balances - These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution. The City Council must also pass a resolution to remove the constraint of committed resources.

Assigned Fund Balances - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Finance Director based on the City Council's direction.

Unassigned Fund Balances - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, committed, and assigned fund balances exceed the total net resources of that fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources and then use unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the City's policy to use resources in the following order: committed, assigned, and unassigned.

b) Minimum Fund Balance

The City's target General Fund balance is to maintain working capital, a portion of the unassigned balance, in the amount of four to six months of the next year's budgeted expenditures of the General Fund.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/ Inflows of Resources, and Net Position or Equity
(Continued)**

11. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$2,295,023 between this net position class and unrestricted net position in the total column of the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The restricted for other purposes restriction of net position for governmental activities of \$4,711,520 includes \$6,193 PEG Access Fees, \$85,619 for tax increment financing, \$1,708,874 in state collected sales tax restricted by enabling legislation, \$27,103 restricted for lodging tax, \$501,330 in park dedication fees, \$766 restricted by donors for future projects, Community Center construction \$451,200, \$58,643 DEED Funds, \$96,715 in revolving loan funds restricted for EDA projects, \$658,919 restricted for fire service, \$981,577 for unused MSA funds and \$134,581 for unused public safety aid funds.

12. 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. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (Continued)

6. Annual appropriated budgets are adopted during the year for the General Fund and the Economic Development Authority, State Collected Sales Tax, Park Dedication, and Fire special revenue funds and debt service funds. Budgetary control for the remaining special revenue fund is done through the use of project controls when the council authorizes the project. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted by the City Council. Budgeted expenditure appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following fund had a deficit fund balance at December 31, 2024.

Nonmajor governmental funds	
Special Revenue	
TIF 2-3 Bayou Blues/Alley Flat	\$ 954

This deficit will be eliminated with future tax increment revenues.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments." For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

A. Deposits

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2024, the City's bank balance was not exposed to custodial credit risk because it was fully insured through the FDIC or NCUA and fully collateralized with securities held by the pledging financial institutions trust department or agent and in the City's name. As of December 31, 2024, the City's deposits had a carrying value as shown as follows:

Certificates of deposits	\$ 10,257,610
Checking	(182,215)
Savings	<u>2,839,908</u>
Total	<u><u>\$ 12,915,303</u></u>

City of St. Joseph
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2024, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Moody's Rating
Brokered money market	\$ 403,525	N/A	N/A
Brokered bond securities	10,688,632	2.3	Aa2 to Aaa
4M Funds	<u>1,991,032</u>	N/A	N/A
Total	<u>\$ 13,083,189</u>		

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* §§ 118A.04 and 118A.05 limit investments based on rating level and investment type. The City's investment policy limits the allowable investments in accordance with these statutes. As of December 31, 2024, the City's investments were rated as listed in the table above.

Interest Rate Risk: The City should try to minimize the risk that arises from over investing in specific instruments, individual financial institutions, or maturities. The City's investment policy states the investment portfolio will be structured so that securities mature to meet cash flow requirements and avoiding the need to sell securities prior to maturity, investing in short-term securities, investing in long-term securities if the market rate is favorable.

Concentration of Credit Risk: Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City's investment policy states the City will attempt to diversify its investments according to type, issuer, and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields. No more than 20% of the total investments should extend beyond five years and the weighted average maturity of the portfolio shall never exceed five years. As of December 31, 2024, none of the City's investments exceed 5% of the investment portfolio.

Custodial Credit Risk - Investments: This 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 addresses this risk and states the City will permit investments only to the extent that there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available.

The City has the following recurring fair value measurements as of December 31, 2024:

- \$680,041 of investments are valued using a quoted market price (Level 1 inputs).
- \$10,875,200 of investments are valued using a matrix pricing model (Level 2 inputs).

City of St. Joseph
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

The following is a summary of deposits and investments as of December 31, 2024:

Deposits (Note 3.A.)	\$ 12,915,303
Investments (Note 3.B.)	13,083,189
Petty cash	<u>200</u>
Total	<u><u>\$ 25,998,692</u></u>

Deposits and investments are presented in the December 31, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	<u>\$ 25,998,692</u>
Total deposits and investments	<u><u>\$ 25,998,692</u></u>

NOTE 4 - LEASE RECEIVABLE

The City has a Site lease agreement with Verizon Wireless for certain real property located at 3563 County Road 136, in the City of St. Joseph. This lease was originally entered into on June 12, 2009, with the currently signed amendment extension term ending January 31, 2029. Total rent income earned from this lease was \$20,387 for the year ended December 31, 2024. The net present value of future lease payments has been recorded as a lease receivable and a deferred inflow of resources, discounted at a 3% discount rate and had an ending balance, at June 30, 2024, of \$83,247. The revenue will be recognized in future years.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The composition of interfund balances as of December 31, 2024, is as follows:

	Amounts Due to Other Funds
	<u> </u>
	Other Governmental Funds
Amounts Due from Other Funds	\$ 1,300
Other Governmental Funds	

The due from/due to other funds balances represent loans made to cover tax increment financing (TIF) consulting costs to establish the TIF districts.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Transfers

The composition of interfund transfers as of December 31, 2024, is as follows:

Transfer In	Transfer Out	Description	Amount
General Fund	Community Center	Transfer to cover management costs	\$ 577,500
General Fund	Other Governmental Funds	Transfer to close fund	14,870
General Fund	Other Governmental Funds	Transfer for street projects costs	17,985
General Fund	Water	Transfer retirement reserve funding	2,950
General Fund	Sanitary Sewer	Transfer for employee insurance benefits	2,850
General Fund	Refuse	Transfer retirement reserve funding	35
General Fund	Storm Water	Transfer retirement reserve funding	165
G.O. Improvement Bonds of 2016B	Other Governmental Funds	Transfer sales tax revenue committed for bond payment	5,000
Other Governmental Funds	General Fund	Transfer debt relief funds for trail repairs	120,000
Other Governmental Funds	General Fund	Transfer to cover negative cash	165
Other Governmental Funds	General Fund	Transfer to cover negative cash	1,225
Other Governmental Funds	General Fund	Transfer to cover negative cash	75
Other Governmental Funds	Other Governmental Funds	Transfer for future projects	10,000
Other Governmental Funds	Other Governmental Funds	Transfer for Joe Town Blocks	9,000
Other Governmental Funds	Other Governmental Funds	Transfer for bond payment	89,200
Other Governmental Funds	Other Governmental Funds	Transfer to close fund	1,684
Other Governmental Funds	Other Governmental Funds	Transfer for bond payment	445,000
Other Governmental Funds	Water	Annual transfer for debt payments	2,510
Other Governmental Funds	Sanitary Sewer	Annual transfer for debt payments	19,730
Other Governmental Funds	Storm Water	Annual transfer for debt payments	17,430
Water	Other Governmental Funds	Transfer WAC fees for debt payment	160,000
Water	Sanitary Sewer	Annual transfer for debt payments	5,000
Sanitary Sewer	Other Governmental Funds	Annual transfer for debt payments	72,500
Refuse	General Fund	Transfer for compost site operations	11,350
Total			<u>\$ 1,586,224</u>

City of St. Joseph
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 762,197	\$ -	\$ -	\$ 762,197
Easements	331,093	108,900	-	439,993
Construction in progress	2,091,427	1,726,659	1,603,475	2,214,611
Total capital assets not being depreciated	<u>3,184,717</u>	<u>1,835,559</u>	<u>1,603,475</u>	<u>3,416,801</u>
Capital assets being depreciated				
Buildings	7,421,043	-	-	7,421,043
Infrastructure	27,912,714	1,470,786	-	29,383,500
Improvements	1,485,284	10,431	30,425	1,465,290
Intangible assets	200,000	-	-	200,000
Machinery and equipment	5,922,607	526,875	167,540	6,281,942
Total capital assets being depreciated	<u>42,941,648</u>	<u>2,008,092</u>	<u>197,965</u>	<u>44,751,775</u>
Less accumulated depreciation for				
Buildings	1,978,021	189,722	-	2,167,743
Infrastructure	19,802,383	882,522	-	20,684,905
Improvements	838,668	55,051	29,607	864,112
Intangible assets	70,000	10,000	-	80,000
Machinery and equipment	3,654,503	653,805	165,289	4,143,019
Total accumulated depreciation	<u>26,343,575</u>	<u>1,791,100</u>	<u>194,896</u>	<u>27,939,779</u>
Total capital assets being depreciated, net	<u>16,598,073</u>	<u>216,992</u>	<u>3,069</u>	<u>16,811,996</u>
Governmental activities capital assets, net	<u>\$ 19,782,790</u>	<u>\$ 2,052,551</u>	<u>\$ 1,606,544</u>	<u>\$ 20,228,797</u>

City of St. Joseph
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 377,882	\$ -	\$ -	\$ 377,882
Easements	67,915	-	-	67,915
Construction in progress	516,009	729,900	383,026	862,883
Total capital assets not being depreciated	<u>961,806</u>	<u>729,900</u>	<u>383,026</u>	<u>1,308,680</u>
Capital assets being depreciated				
Buildings	8,797,686	-	-	8,797,686
Improvements other than buildings	315,193	-	-	315,193
Plant and lines	28,511,969	383,969	-	28,895,938
Machinery and equipment	1,310,028	19,428	20,981	1,308,475
Sewer rights	10,977,565	-	1,797,155	9,180,410
Total capital assets being depreciated	<u>49,912,441</u>	<u>403,397</u>	<u>1,818,136</u>	<u>48,497,702</u>
Less accumulated depreciation for				
Buildings	3,467,102	214,141	-	3,681,243
Improvements other than buildings	86,928	17,031	-	103,959
Plant and lines	9,884,220	583,694	-	10,467,914
Machinery and equipment	939,685	94,992	20,981	1,013,696
Sewer rights	3,653,350	256,053	324,049	3,585,354
Total accumulated depreciation	<u>18,031,285</u>	<u>1,165,911</u>	<u>345,030</u>	<u>18,852,166</u>
Total capital assets being depreciated, net	<u>31,881,156</u>	<u>(762,514)</u>	<u>1,473,106</u>	<u>29,645,536</u>
Business-type activities capital assets, net	<u>\$ 32,842,962</u>	<u>\$ (32,614)</u>	<u>\$ 1,856,132</u>	<u>\$ 30,954,216</u>

City of St. Joseph
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Government Activities	
General government	\$ 159,618
Public safety	254,001
Public works	1,154,619
Culture and recreation	222,644
Economic development	<u>218</u>
Total depreciation expense - governmental activities	<u>\$ 1,791,100</u>
Business-Type Activities	
Water	\$ 465,903
Sanitary sewer	530,188
Refuse	3,198
Storm sewer	<u>166,622</u>
Total depreciation expense - business-type activities	<u>\$ 1,165,911</u>

NOTE 7 - LONG-TERM DEBT

A. General Obligation Bonds

The City issues General Obligation (G.O.) bonds to provide for financing improvement, development, and street improvement projects.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 5 to 20 year serial bonds with equal debt service payments each year.

Revenue bonds are issued by the City where the City pledges income derived from the acquired or constructed assets to pay debt service including access and trunk charges and utility user fees.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities

	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Governmental Activities						
G.O. Bonds, including Refunding Bonds						
G.O. Capital Improvement Plan 2016A	07/07/16	2.00%-2.875%	\$ 4,275,000	12/15/36	\$ 2,775,000	\$ 205,000
G.O. Certificates of Indebtedness 2020A	03/05/20	1.45%	220,000	12/15/25	45,000	45,000
G.O. Capital Improvement Plan 2020B	11/12/20	0.40%-2.00%	690,000	12/15/33	510,000	60,000
G.O. Certificates of Indebtedness 2022A	08/30/22	4.00%	660,000	12/15/31	540,000	70,000
G.O. Certificates of Indebtedness 2023A	10/17/23	4.00%-5.00%	440,000	12/15/28	360,000	85,000
Total G.O. Bonds					4,230,000	465,000
G.O. Special Assessment Bonds						
G.O. Improvement Bonds of 2016B	11/03/16	1.00%-3.00%	740,000	12/15/32	390,000	50,000
G.O. Improvement Bonds of 2019A	09/12/19	4.00%-5.00%	3,705,000	12/15/29	1,835,000	370,000
G.O. Improvement Bonds of 2020B	11/12/20	0.40%-2.00%	625,000	12/15/31	430,000	65,000
Taxable G.O. Crossover Refunding Bonds, Series 2020C	11/12/20	0.40%-1.60%	1,365,000	12/01/30	925,000	150,000
G.O. Improvement Bonds of 2021A	09/14/21	2.00%-4.00%	3,190,000	12/15/36	2,410,000	260,000
G.O. Improvement Bonds of 2022A	08/30/22	4.00%	620,000	12/15/32	490,000	65,000
G.O. Improvement Bonds of 2023A	10/17/23	4.00%-5.00%	1,930,000	12/15/33	1,745,000	190,000
G.O. Improvement Bonds of 2024A	09/18/24	4.00%-4.20%	977,000	12/15/34	977,000	98,000
Total G.O. Special Assessment Bonds					9,202,000	1,248,000
G.O. Abatement Bonds						
G.O. Tax Abatement Bonds of 2022A	08/30/22	4.00%	6,125,000	12/15/42	5,770,000	225,000
Unamortized premiums/discounts					906,569	-
Compensated absences					589,633	195,921
Total long-term liabilities, governmental activities					\$ 20,698,202	\$ 2,133,921

City of St. Joseph
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities (Continued)

	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Business-Type Activities						
G.O. Revenue Bonds						
G.O. Sewer Refunding Bonds of 2020B	11/12/20	0.40%-2.00%	\$ 1,045,000	12/15/28	\$ 540,000	\$ 130,000
Taxable G.O. Crossover Refunding Bonds, Series 2020C	11/12/20	0.40%-1.90%	445,000	12/01/32	325,000	40,000
G.O. Water Revenue Refunding Bonds 2021A	09/14/21	4.00%	2,185,000	12/15/28	790,000	515,000
Total G.O. Revenue Bonds					<u>1,655,000</u>	<u>685,000</u>
Notes from direct borrowing						
Utility Revenue Notes Payable						
City of St. Cloud SIS						
Phase 4 (2013B Bonds)	11/01/13	3.00%-4.00%	650,000	02/01/29	260,000	50,000
City of St. Cloud RUE Project PFA Loan	08/01/10	1.77%	4,527,703	08/20/30	1,150,853	183,511
City of St. Cloud Lift Station						
Improvements	08/24/16	1.00%	469,263	08/20/26	104,181	51,860
City of St. Cloud NR2 Biosolids	10/09/17	1.10%	1,744,736	08/20/37	882,122	63,495
City of St. Cloud Forcemain Replacement	10/01/24	1.88%	2,085,245	08/20/44	607,914	46,433
Total notes from direct borrowing					<u>3,005,070</u>	<u>395,299</u>
Unamortized premium					75,930	-
Compensated absences					173,175	43,717
Total business-type activities					<u>4,909,175</u>	<u>1,124,016</u>
Total all long-term liabilities					<u>\$ 25,607,377</u>	<u>\$ 3,257,937</u>

Long-term bonded indebtedness listed on the previous page and above were issued to finance acquisition and construction of capital assets or to refinance (refund) previous bond issues.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Bonds payable				
General obligation	\$ 4,680,000	\$ -	\$ 450,000	\$ 4,230,000
G.O. Special Assessment Bonds	9,415,000	977,000	1,190,000	9,202,000
G.O. Abatement Bonds	5,985,000	-	215,000	5,770,000
Total bonds payable	<u>20,080,000</u>	<u>977,000</u>	<u>1,855,000</u>	<u>19,202,000</u>
Unamortized premiums/discounts	1,081,138	-	174,569	906,569
Compensated absences	635,770	421,631	467,768	589,633
Total governmental activities	<u>\$ 21,796,908</u>	<u>\$ 1,398,631</u>	<u>\$ 2,497,337</u>	<u>\$ 20,698,202</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities				
Bonds payable				
G.O. Utility Revenue Bonds	\$ 2,320,000	\$ -	\$ 665,000	\$ 1,655,000
Note from direct borrowing				
City of St. Cloud notes	3,567,137	607,914	1,169,981	3,005,070
Unamortized premiums	120,474	-	44,544	75,930
Compensated absences	152,659	99,578	79,062	173,175
Total business-type activities	<u>6,160,270</u>	<u>707,492</u>	<u>1,958,587</u>	<u>4,909,175</u>
Total long-term liabilities	<u>\$ 27,957,178</u>	<u>\$ 2,106,123</u>	<u>\$ 4,455,924</u>	<u>\$ 25,607,377</u>

City of St. Joseph
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities:

<u>Year Ended</u> <u>December 31,</u>	Governmental Activities			
	G.O. Bonds		G.O. Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 465,000	\$ 116,295	\$ 1,248,000	\$ 338,164
2026	430,000	103,293	1,243,000	280,139
2027	440,000	91,493	1,233,000	233,519
2028	440,000	78,493	1,233,000	185,217
2029	355,000	65,343	1,233,000	140,332
2030-2034	1,580,000	190,133	2,767,000	245,046
2035-2036	520,000	22,569	245,000	7,300
Total	\$ 4,230,000	\$ 667,619	\$ 9,202,000	\$ 1,429,717

<u>Year Ended</u> <u>December 31,</u>	Governmental Activities		
	Abatement Bonds		Total
	Principal	Interest	
2025	\$ 225,000	\$ 230,800	\$ 2,623,259
2026	235,000	221,800	2,513,232
2027	245,000	212,400	2,455,412
2028	255,000	202,600	2,394,310
2029	265,000	192,400	2,251,075
2030-2034	1,480,000	795,000	7,057,179
2035-2039	1,800,000	475,000	3,069,869
2040-2042	1,265,000	102,600	1,367,600
Total	\$ 5,770,000	\$ 2,432,600	\$ 23,731,936

City of St. Joseph
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments (Continued)

<u>Year Ended December 31,</u>	Business-Type Activities				
	Utility Revenue Bonds		Notes From Direct Borrowing		<u>Total</u>
	Principal	Interest	Principal	Interest	
2025	\$ 685,000	\$ 46,960	\$ 348,866	\$ 39,133	\$ 1,119,959
2026	250,000	23,460	353,242	33,106	659,808
2027	270,000	17,210	304,917	26,917	619,044
2028	280,000	10,250	314,072	21,035	625,357
2029	170,000	7,845	318,152	14,896	510,893
2030-2034	-	-	543,096	26,643	569,739
2035-2037	-	-	214,811	4,721	219,532
Total	<u>\$ 1,655,000</u>	<u>\$ 105,725</u>	<u>\$ 2,397,156</u>	<u>\$ 166,451</u>	<u>\$ 4,324,332</u>

The amortization schedule for the St. Cloud PFA Metro Forcemain Replacement is not available as the loan has not been fully disbursed. Therefore, the amounts for this note are not presented in the table above.

E. Conduit Debt

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

At December 31, 2024, the City's outstanding conduit debt balance consisted of the following:

\$21,195,000 Senior Housing and Healthcare Revenue Bonds, Series 2019A	<u>\$ 20,465,000</u>
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City of St. Joseph
Notes to Basic Financial Statements

NOTE 8 - FUND BALANCE

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General	G.O. Improvement Bonds of 2016B	Community Center	Nonmajor Governmental Fund	Total
Restricted					
PEG access fees	\$ 6,193	\$ -	\$ -	\$ -	\$ 6,193
Public safety aid	134,581	-	-	-	134,581
Debt service	-	174,128	-	3,873,257	4,047,385
Community Center construction	-	-	6,051,542	-	6,051,542
Tax increments	-	-	-	85,619	85,619
State collected sales tax projects	-	-	-	1,708,874	1,708,874
Park dedication fees	-	-	-	501,330	501,330
Fire services	-	-	-	658,919	658,919
Charitable gambling	-	-	-	766	766
Lodging tax	-	-	-	27,103	27,103
DEED CDAP	-	-	-	58,643	58,643
Revolving loan	-	-	-	96,715	96,715
Total restricted	<u>140,774</u>	<u>174,128</u>	<u>6,051,542</u>	<u>7,011,226</u>	<u>13,377,670</u>
Committed					
Economic development	-	-	-	626,195	626,195
Assigned					
Police forfeiture	105,907	-	-	-	105,907
Severance pay	391,694	-	-	-	391,694
Capital outlay reserves	1,343,151	-	-	1,438,467	2,781,618
Total assigned	<u>1,840,752</u>	<u>-</u>	<u>-</u>	<u>1,438,467</u>	<u>3,279,219</u>
Unassigned	<u>3,135,576</u>	<u>-</u>	<u>-</u>	<u>(954)</u>	<u>3,134,622</u>
Total	<u>\$ 5,117,102</u>	<u>\$ 174,128</u>	<u>\$ 6,051,542</u>	<u>\$ 9,074,934</u>	<u>\$ 20,417,706</u>

NOTE 9 - RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state, which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 9 - RISK MANAGEMENT (CONTINUED)

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2024 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2024, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2024, was \$436,288. The components of pension expense are noted in the following plan summaries.

For governmental activities, the General Fund typically liquidates the liability related to pensions. For Business-Type Activities, the Water, Sanitary Sewer, Refuse, Storm Water, and Street Light Utility Funds typically liquidate the liability related to pensions.

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters 353, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in *Minnesota Statutes* § 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the City's governing body. The resolution must state that the position meets plan requirements.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increases by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$120,298. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$196,031. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$686,759 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$17,758.

City's proportionate share of the net pension liability	\$ 686,759
State of Minnesota's proportionate share of the net pension liability associated with the City	17,758
	17,758
Total	\$ 704,517

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0186% at the end of the measurement period and 0.0167% for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$109,783 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$476 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$31,599 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 62,151	\$ -
Changes in actuarial assumptions	2,798	240,752
Net difference between projected and actual investment earnings	-	202,610
Changes in proportion	129,422	-
Contributions paid to PERA subsequent to the measurement date	60,149	-
Total	\$ 254,520	\$ 443,362

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$60,149 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (142,316)
2026	1,594
2027	(55,633)
2028	<u>(52,636)</u>
Total	<u><u>\$ (248,991)</u></u>

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$998,794 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0759% at the end of the measurement period and 0.0673% for the beginning of the period.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$38,074.

City's proportionate share of the net pension liability	\$ 998,794
State of Minnesota's proportionate share of the net pension liability associated with the City	38,074
Total	\$ 1,036,868

For the year ended December 31, 2024, the City recognized pension expense of \$217,577 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$3,697 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$21,561 for the year ended December 31, 2024, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 351,216	\$ -
Changes in actuarial assumptions	906,648	1,303,295
Net difference between projected and actual investment earnings	-	328,822
Changes in proportion	278,568	710
Contributions paid to PERA subsequent to the measurement date	98,016	-
Total	\$ 1,634,448	\$ 1,632,827

The \$98,016 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2025	\$ 913
2026	249,431
2027	(98,696)
2028	(295,863)
2029	47,820
Total	\$ (96,395)

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: Increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. 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.

H. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	\$ 1,499,989	\$ 686,759	\$ 17,801
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 2,360,347	\$ 998,794	\$ (119,325)

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Public Employees Defined Contribution Plan (Defined Contribution Plan)

The City's council members are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**City of St. Joseph
Notes to Basic Financial Statements**

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes* Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,238	\$ 1,238	5%	5%	5%

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association

A. Plan Description

The City of St. Joseph Volunteer Fire Department Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Relief Association per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the St. Joseph Volunteer Fire Department Relief Association, 75 Callaway St E, St. Joseph, MN 56374.

B. Benefits Provided

Volunteer firefighters of the City are member of Joseph Volunteer Fire Department Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 years and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members, or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**City of St. Joseph
Notes to Basic Financial Statements**

NOTE 10 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

C. Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	6
Active members	28
	34
Total	34

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten-year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$75,934 made by the State of Minnesota for the Relief Association. The City also contributed \$6,000 to the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return	5.75 %, net of pensions plan investment expense including inflation

The value of death benefits is similar to the value of the retirement pension. Mortality rates for active members, retirees, and disabled were based on Pub-2010 tables, with mortality improvement scale MP-2021, with slight adjustments for male rates.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table on the following page.

**City of St. Joseph
Notes to Basic Financial Statements**

NOTE 10 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45.0 %	4.52 %
International equity	10.0	5.08
Fixed income	40.0	2.44
Real estate and alternatives	-	3.73
Cash and equivalents	5.0	0.99
Total	<u>100.0 %</u>	

The discount rate used to measure the total pension liability was 5.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2024	\$ 1,005,842	\$ 1,129,639	\$ (123,797)
Changes for the year			
Service cost	47,198	-	47,198
Interest cost	50,019	-	50,019
Differences between expected and actual experience	(111,871)	-	(111,871)
Changes of assumptions	(29,737)	-	(29,737)
Changes of benefit terms	86,493	-	86,493
State and local contributions	-	81,934	(81,934)
Net investment income	-	161,895	(161,895)
Administrative expense	-	(9,860)	9,860
Net changes	42,102	233,969	(191,867)
Balances at December 31, 2024	<u>\$ 1,047,944</u>	<u>\$ 1,363,608</u>	<u>\$ (315,664)</u>

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 5.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current rate:

	1% Decrease in Discount Rate (3.75%)	Current Discount Rate (4.75%)	1% Increase in Discount Rate (5.75%)
City's proportionate share of the Plan net position liability (asset)	<u>\$ (283,074)</u>	<u>\$ (315,664)</u>	<u>\$ (347,136)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)

G. Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of \$107,690. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ -	\$ 131,027
Changes of assumptions	25,476	27,917
Net difference between projected and actual earnings on pension plan investments	-	58,707
Total	\$ 25,476	\$ 217,651

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

Year Ending December 31,	Total
2025	\$ (18,191)
2026	(13,345)
2027	(60,325)
2028	(41,828)
2029	(20,057)
Therafter	(38,429)
Total	\$ (192,175)

City of St. Joseph
Notes to Basic Financial Statements

NOTE 11 - COMMITMENTS

The City has entered into contracts for construction as follows:

Project	Contract Amount	Expended through 12/31/24	Commitment
2024 Street Improvements	\$ 1,663,281	\$1,418,697	244,584
2024 CSAH 133/Elm St Roundabout	1,975,831	-	1,975,831
Rivers Bend Park Phase I Construction	728,759	170,274	558,485
Pickleball Courts	271,294	176,930	94,364
Community Center Construction Manager	718,462	12,049	706,413
Community Center Design	850,000	25,500	824,500
Community Center Capital Campaign	216,000	-	216,000
Total			<u>\$ 4,620,177</u>

The community center project will be financed with \$4,000,000 State MN bonding and \$6,000,000 from local option sales tax money.

NOTE 12 - TAX INCREMENT FINANCING

The City has entered into four Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from *Minnesota Statute § 469*. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2024, the City generated \$157,342 in tax increment revenue and made \$141,608, in payments to developers.

In addition, the City had an abatement of \$64,532 relating to a development agreement.

City of St. Joseph
Notes to Basic Financial Statements

NOTE 13 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES

During the year ended December 31, 2024, the City's G.O. Improvement Bonds of 2016B Fund was changed from a nonmajor governmental fund to a major governmental fund, resulting in a decrease of beginning fund balance for the nonmajor governmental funds of \$195,072. The City's G.O. Industrial Park Bonds of 2019A Fund was changed from a major governmental fund to a nonmajor governmental fund, resulting in an increase of beginning fund balance for the nonmajor governmental funds of \$952,132.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		
	G.O. Improvement Bonds of 2016B	G.O. Industrial Park Bonds of 2019A	Nonmajor Governmental
12/31/2023, as previously reported	\$ -	\$ 952,132	\$ 7,299,554
Change in accounting principle	195,072	(952,132)	757,060
12/31/2023, as adjusted or restated	\$ 195,072	\$ -	\$ 8,056,614

NOTE 14 - NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 102, *Certain Risk Disclosures*. The disclosures required by this Statement will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This Statement will be effective for the year ending December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.



CITY OF ST. JOSEPH

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Joseph
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0138%	\$ 715,188	\$ -	\$ 715,188	\$ 799,773	89.42%	78.19%
2016	0.0135%	1,096,133	14,341	1,110,474	839,240	130.61%	68.91%
2017	0.0142%	906,519	11,418	917,937	916,373	98.92%	75.90%
2018	0.0142%	787,758	25,900	813,658	955,440	82.45%	79.53%
2019	0.0135%	746,385	23,166	769,551	956,520	78.03%	80.23%
2020	0.0145%	869,341	26,723	896,064	1,031,520	84.28%	79.06%
2021	0.0152%	649,108	19,868	668,976	1,096,507	59.20%	87.00%
2022	0.0155%	1,227,605	36,093	1,263,698	1,164,720	105.40%	76.67%
2023	0.0167%	933,845	25,802	959,647	1,331,120	70.15%	83.10%
2024	0.0186%	686,759	17,758	704,517	1,572,227	43.68%	89.08%

Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0570%	\$ 647,653	N/A	\$ 647,653	\$ 505,160	128.21%	86.61%
2016	0.0540%	2,167,114	N/A	2,167,114	518,580	417.89%	63.88%
2017	0.0540%	729,064	N/A	729,064	554,975	131.37%	85.43%
2018	0.0581%	614,057	N/A	614,057	612,154	100.31%	88.84%
2019	0.0559%	587,566	N/A	587,566	576,684	101.89%	89.26%
2020	0.0555%	726,554	\$ 17,262	743,816	613,525	121.24%	87.19%
2021	0.0618%	471,468	21,453	492,921	730,853	67.44%	93.66%
2022	0.0631%	2,745,862	120,034	2,865,896	767,124	373.59%	70.53%
2023	0.0673%	1,162,184	46,806	1,208,990	883,531	136.84%	86.47%
2024	0.0759%	998,794	38,074	1,036,868	1,051,277	98.63%	90.17%

**City of St. Joseph
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 57,804	\$ 57,804	\$ -	\$ 770,720	7.50%
2016	66,294	66,294	-	883,920	7.50%
2017	69,820	69,820	-	930,933	7.50%
2018	71,452	71,452	-	952,693	7.50%
2019	76,798	76,798	-	1,023,973	7.50%
2020	90,784	90,784	-	1,210,453	7.50%
2021	91,994	91,994	-	1,226,587	7.50%
2022	93,278	93,278	-	1,243,707	7.50%
2023	110,146	110,146	-	1,468,613	7.50%
2024	120,298	120,298	-	1,603,973	7.50%

**Schedule of City Contributions -
Public Employees Police and Fire Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 85,925	\$ 85,925	\$ -	\$ 530,401	16.20%
2016	89,587	89,587	-	553,006	16.20%
2017	93,325	93,325	-	576,080	16.20%
2018	97,377	97,377	-	601,093	16.20%
2019	106,850	106,850	-	630,383	16.95%
2020	118,036	118,036	-	666,870	17.70%
2021	131,669	131,669	-	743,893	17.70%
2022	140,356	140,356	-	792,972	17.70%
2023	174,878	174,878	-	988,011	17.70%
2024	196,031	196,031	-	1,107,520	17.70%

City of St. Joseph
Schedule of Changes in Net Pension Liability
and Related Ratios - Fire Relief Association

	Measurement Date			
	2015	2016	2017	2018
Total Pension Liability (TPL)				
Service cost	\$ 20,898	\$ 25,691	\$ 25,641	\$ 27,172
Interest	29,709	35,786	33,188	32,052
Differenced between expected and actual experience	-	(29,935)	-	(35,760)
Changes of assumptions	55,033	56,691	4,299	8,441
Changes of benefit terms	31,883	-	-	-
Benefit payments, including refunds, or member contributions	(41,168)	(49,000)	(118,151)	-
Net change in total pension liability	<u>96,355</u>	<u>39,233</u>	<u>(55,023)</u>	<u>31,905</u>
Beginning of year	<u>475,033</u>	<u>571,388</u>	<u>610,621</u>	<u>555,598</u>
End of Year	<u>\$ 571,388</u>	<u>\$ 610,621</u>	<u>\$ 555,598</u>	<u>\$ 587,503</u>
Plan Fiduciary Net Pension (FNP)				
Contributions - employer	\$ 52,164	\$ 63,111	\$ 58,310	\$ 56,565
Net investment income	(41,979)	68,585	77,946	(50,418)
Benefit payments, including refunds of member contributions	(41,168)	(49,000)	(118,151)	-
Administrative expense	(8,121)	(7,724)	(8,546)	(7,582)
Net change in plan fiduciary net position	<u>(39,104)</u>	<u>74,972</u>	<u>9,559</u>	<u>(1,435)</u>
Beginning of year	<u>740,099</u>	<u>700,995</u>	<u>775,967</u>	<u>785,526</u>
End of year	<u>\$ 700,995</u>	<u>\$ 775,967</u>	<u>\$ 785,526</u>	<u>\$ 784,091</u>
Net pension liability (NPL)	<u>\$ (129,607)</u>	<u>\$ (165,346)</u>	<u>\$ (229,928)</u>	<u>\$ (196,588)</u>
Plan fiduciary net position as a percentage of the total pension liability	122.7%	127.1%	141.4%	133.5%
Covered employee payroll	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a

Measurement Date					
2019	2020	2021	2022	2023	2024
\$ 28,180	\$ 30,292	\$ 34,333	\$ 36,598	\$ 36,028	\$ 47,198
32,323	37,109	35,949	36,789	38,068	50,019
-	(9,251)	-	(19,521)	-	(111,871)
-	15,976	-	(2,834)	-	(29,737)
28,541	59,260	32,566	-	189,858	86,493
-	-	(174,884)	-	(47,041)	-
<u>89,044</u>	<u>133,386</u>	<u>(72,036)</u>	<u>51,032</u>	<u>216,913</u>	<u>42,102</u>
<u>587,503</u>	<u>676,547</u>	<u>809,933</u>	<u>737,897</u>	<u>788,929</u>	<u>1,005,842</u>
<u>\$ 676,547</u>	<u>\$ 809,933</u>	<u>\$ 737,897</u>	<u>\$ 788,929</u>	<u>\$ 1,005,842</u>	<u>\$ 1,047,944</u>
\$ 58,653	\$ 62,075	\$ 63,830	\$ 67,568	\$ 70,206	\$ 81,934
118,020	117,376	92,565	(165,717)	130,284	161,895
-	-	(174,884)	-	(47,041)	-
(9,020)	(8,297)	(8,951)	(8,947)	(12,172)	(9,860)
<u>167,653</u>	<u>171,154</u>	<u>(27,440)</u>	<u>(107,096)</u>	<u>141,277</u>	<u>233,969</u>
<u>784,091</u>	<u>951,744</u>	<u>1,122,898</u>	<u>1,095,458</u>	<u>988,362</u>	<u>1,129,639</u>
<u>\$ 951,744</u>	<u>\$ 1,122,898</u>	<u>\$ 1,095,458</u>	<u>\$ 988,362</u>	<u>\$ 1,129,639</u>	<u>\$ 1,363,608</u>
<u>\$ (275,197)</u>	<u>\$ (312,965)</u>	<u>\$ (357,561)</u>	<u>\$ (199,433)</u>	<u>\$ (123,797)</u>	<u>\$ (315,664)</u>
140.7%	138.6%	148.5%	125.3%	112.3%	130.1%
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

City of St. Joseph
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association

	Measurement Date			
	2015	2016	2017	2018
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Contribution deficiency (excess)	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>
Non-employer				
2% aid	<u>\$ 52,164</u>	<u>\$ 60,111</u>	<u>\$ 55,310</u>	<u>\$ 53,565</u>
Covered employee payroll	n/a	n/a	n/a	n/a
Contributions as a percentage of covered employee payroll	n/a	n/a	n/a	n/a

Measurement Date					
2019	2020	2021	2022	2023	2024
\$ - 3,000	\$ - 3,000	\$ - 3,000	\$ - 6,000	\$ - -	\$ - 6,000
<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ (6,000)</u>
<u>\$ 55,653</u>	<u>\$ 59,075</u>	<u>\$ 60,830</u>	<u>\$ 61,568</u>	<u>\$ 70,206</u>	<u>\$ 75,934</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a

City of St. Joseph
Notes to Required Supplementary Information

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.

City of St. Joseph
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

City of St. Joseph
Notes to Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; this does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

City of St. Joseph
Notes to Required Supplementary Information

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

City of St. Joseph
Notes to Required Supplementary Information

Police and Fire Fund

2024 Changes

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

City of St. Joseph
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed % married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

City of St. Joseph
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of St. Joseph
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

City of St. Joseph
Notes to Required Supplementary Information

Fire Relief Association

2024 Changes

Changes in Plan Provisions

- The benefit level increased from \$3,200 to \$3,600.
- The discount rate was changed from 4.75% to 5.75%.

2023 Changes

Changes in Plan Provisions

- The benefit level increased from \$2,400 to \$3,200 per year.

2022 Changes

Changes in Plan Provisions

- The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020, Minnesota PERA Police & Fire Plan actuarial valuation to the rates use in the July 1, 2022, Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.50% to 2.25%.

2021 Changes

Changes in Plan Provisions

- The benefit level increased from \$2,300 to \$2,400 per year.

2020 Changes

Changes in Plan Provisions

- The benefit level increased from \$2,100 to \$2,300 per year.

Changes in Actuarial Assumptions

- The discount rate was changed from 5.25% to 4.75%.

SUPPLEMENTARY INFORMATION

City of St. Joseph
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 2,564,054	\$ 2,566,778	\$ 2,724
Miscellaneous taxes	750	1,948	1,198
Special assessments	5,500	59,979	54,479
Franchise fees	193,225	187,873	(5,352)
Licenses and permits	234,620	336,464	101,844
Intergovernmental revenue			
Local government aid	1,488,601	1,488,601	-
Police aid	118,500	162,353	43,853
Federal grants	1,500	155,758	154,258
State grants	101,505	112,311	10,806
Other grants and aids	17,000	17,238	238
Total intergovernmental revenue	<u>1,727,106</u>	<u>1,936,261</u>	<u>209,155</u>
Charges for services			
General government	32,275	20,247	(12,028)
Public safety	2,500	1,706	(794)
Public works	3,000	3,054	54
Culture and recreation	36,190	40,537	4,347
Total charges for services	<u>73,965</u>	<u>65,544</u>	<u>(8,421)</u>
Fines and forfeitures	72,500	55,130	(17,370)
Miscellaneous revenues			
Investment income	25,000	153,545	128,545
Contributions and donations	1,400	16,242	14,842
Other	69,000	69,263	263
Total miscellaneous revenues	<u>95,400</u>	<u>239,050</u>	<u>143,650</u>
Total revenues	<u>4,967,120</u>	<u>5,449,027</u>	<u>481,907</u>
Expenditures			
General government			
Mayor and council	128,590	107,343	(21,247)
Administrative and finance	828,695	840,008	11,313
Other general government	335,535	328,313	(7,222)
Capital outlay	21,460	24,331	2,871
Total general government	<u>1,314,280</u>	<u>1,299,995</u>	<u>(14,285)</u>

City of St. Joseph
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Expenditures			
Public safety			
Police			
Current	\$ 2,264,775	\$ 2,102,869	\$ (161,906)
Capital outlay	262,891	160,550	(102,341)
Total police	<u>2,527,666</u>	<u>2,263,419</u>	<u>(264,247)</u>
Fire			
Capital outlay	40,000	40,000	-
Other			
Current	118,680	116,804	(1,876)
Capital outlay	1,500	-	(1,500)
Total other	<u>120,180</u>	<u>116,804</u>	<u>(3,376)</u>
Total public safety	<u>2,687,846</u>	<u>2,420,223</u>	<u>(267,623)</u>
Public works			
Streets and highways			
Street maintenance and storm sewers	399,645	554,667	155,022
Snow and ice removal	208,740	89,575	(119,165)
Street engineering	40,000	48,896	8,896
Capital outlay	52,950	52,063	(887)
Total public works	<u>701,335</u>	<u>745,201</u>	<u>43,866</u>
Culture and recreation			
Current	490,540	714,445	223,905
Capital outlay	175,950	296,538	120,588
Total culture and recreation	<u>666,490</u>	<u>1,010,983</u>	<u>344,493</u>
Total expenditures	<u>5,369,951</u>	<u>5,476,402</u>	<u>106,451</u>
Excess of revenues over (under) expenditures	(402,831)	(27,375)	375,456
Other Financing Sources (Uses)			
Insurance recoveries	-	20,070	20,070
Sale of property	19,000	36,874	17,874
Transfers in	5,995	616,355	610,360
Transfers out	(111,350)	(132,815)	(21,465)
Total other financing sources (uses)	<u>(86,355)</u>	<u>540,484</u>	<u>626,839</u>
Net change in fund balances	<u>\$ (489,186)</u>	513,109	<u>\$ 1,002,295</u>
Fund Balances			
Beginning of year		<u>4,607,257</u>	
End of year		<u>\$ 5,120,366</u>	

City of St, Joseph
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue			
	Economic Development Authority (250)	TIF 2-1 Millstream Shops and Lofts (257)	TIF 2-3 Bayou Blues/ Alley Flat (259)	TIF 4-1 Fortitude Senior Housing (253)
Assets				
Cash and investments	\$ 118,615	\$ 48,393	\$ 334	\$ 36,774
Taxes receivable - delinquent	768	-	-	-
Special assessments receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	285	262	12	190
Due from other funds	1,300	-	-	-
Due from other governments	5,790	-	-	-
Notes receivable	-	-	-	-
	<u>\$ 126,758</u>	<u>\$ 48,655</u>	<u>\$ 346</u>	<u>\$ 36,964</u>
Liabilities				
Accounts payable	\$ 5,343	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	1,300	-
Due to other governments	-	-	-	-
Salaries and benefits payable	1,221	-	-	-
Total liabilities	<u>6,564</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	768	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	48,655	-	36,964
Committed	119,426	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(954)	-
Total fund balances	<u>119,426</u>	<u>48,655</u>	<u>(954)</u>	<u>36,964</u>
	<u>\$ 126,758</u>	<u>\$ 48,655</u>	<u>\$ 346</u>	<u>\$ 36,964</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 126,758</u>	<u>\$ 48,655</u>	<u>\$ 346</u>	<u>\$ 36,964</u>

Special Revenue

State Collected Sales Tax (200)	Park Dedication (205)	Charitable Gambling (215)	Lodging Tax (220)	Revolving Loan (251)	Deed Housing (225)
\$ 1,514,050	\$ 325,916	\$ 760	\$ 23,801	\$ 571,624	\$ 58,318
-	-	-	-	-	-
-	-	-	-	-	-
-	32	-	3,170	-	-
7,297	2,347	6	132	3,106	325
-	-	-	-	-	-
187,527	182,294	-	-	-	-
-	-	-	-	28,754	-
<u>\$ 1,708,874</u>	<u>\$ 510,589</u>	<u>\$ 766</u>	<u>\$ 27,103</u>	<u>\$ 603,484</u>	<u>\$ 58,643</u>
\$ -	\$ 745	\$ -	\$ -	\$ -	\$ -
-	8,514	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,259	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,708,874	501,330	766	27,103	96,715	58,643
-	-	-	-	506,769	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,708,874</u>	<u>501,330</u>	<u>766</u>	<u>27,103</u>	<u>603,484</u>	<u>58,643</u>
<u>\$ 1,708,874</u>	<u>\$ 510,589</u>	<u>\$ 766</u>	<u>\$ 27,103</u>	<u>\$ 603,484</u>	<u>\$ 58,643</u>

**City of St. Joseph
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024**

	Special Revenue	Debt Service		
	St. Joseph Fire Services (210)	G.O. Equipment Certificates of 2023A (318)	G.O. Improvement Bonds of 2023A (317)	G.O. Capital Improvement Plan Bonds of 2016A (301)
Assets				
Cash and investments	\$ 717,849	\$ 27,258	\$ 143,784	\$ 65,314
Taxes receivable - delinquent	5	346	494	819
Special assessments receivable				
Delinquent	-	-	211	-
Deferred	-	-	164,260	-
Accounts receivable	8,215	-	-	-
Interest receivable	3,506	746	6,294	979
Due from other funds	-	-	-	-
Due from other governments	34,117	648	925	1,110
Notes receivable	-	-	-	-
	<u>\$ 763,692</u>	<u>\$ 28,998</u>	<u>\$ 315,968</u>	<u>\$ 68,222</u>
Liabilities				
Accounts payable	\$ 22,925	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	248	-	-	-
Salaries and benefits payable	81,595	-	-	-
Total liabilities	<u>104,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5	346	494	819
Unavailable revenue - special assessments	-	-	164,471	-
Total deferred inflows of resources	<u>5</u>	<u>346</u>	<u>164,965</u>	<u>819</u>
Fund Balances				
Restricted	658,919	28,652	151,003	67,403
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>658,919</u>	<u>28,652</u>	<u>151,003</u>	<u>67,403</u>
	<u>\$ 763,692</u>	<u>\$ 28,998</u>	<u>\$ 315,968</u>	<u>\$ 68,222</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 763,692</u>	<u>\$ 28,998</u>	<u>\$ 315,968</u>	<u>\$ 68,222</u>

**City of St. Joseph
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024**

	Debt Service			
	G.O. Capital Improvement Bonds of 2020B (312)	Taxable Crossover Improvement Bonds of 2014A/2020C (314)	G.O. Abatement Bonds 2022A (302)	G.O. Improvement Bonds of 2022 (315)
Assets				
Cash and investments	\$ 3,179	\$ 6,127	\$ 847,478	\$ 35,258
Taxes receivable - delinquent	280	605	-	132
Special assessments receivable				
Delinquent	-	-	-	-
Deferred	-	45,965	-	115,281
Accounts receivable	-	-	-	-
Interest receivable	103	153	10,671	919
Due from other funds	-	-	-	-
Due from other governments	432	925	-	1,427
Notes receivable	-	-	-	-
Total assets	<u>\$ 3,994</u>	<u>\$ 53,775</u>	<u>\$ 858,149</u>	<u>\$ 153,017</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 27
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	280	605	-	132
Unavailable revenue - special assessments	-	45,965	-	115,281
Total deferred inflows of resources	<u>280</u>	<u>46,570</u>	<u>-</u>	<u>115,413</u>
Fund Balances				
Restricted	3,714	7,205	858,149	37,577
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,714</u>	<u>7,205</u>	<u>858,149</u>	<u>37,577</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,994</u>	<u>\$ 53,775</u>	<u>\$ 858,149</u>	<u>\$ 153,017</u>

Debt Service		Capital Projects		
G.O. Equipment Certificate 2022A (316)	2024A GO Improvement Bonds of 2024 (319)	2023 Equipment Certificates (418)	2023 Street Imp/Elm St ROW Acq (417)	2024 Street Improvement Project (419)
\$ 14,507	\$ 176,569	\$ 35,771	\$ 673,257	\$ 392,905
200	-	-	-	-
-	-	-	-	-
-	137,737	-	-	-
-	-	-	-	-
658	1,372	-	-	-
-	-	-	-	-
10,380	-	-	-	-
-	-	-	-	-
<u>\$ 25,745</u>	<u>\$ 315,678</u>	<u>\$ 35,771</u>	<u>\$ 673,257</u>	<u>\$ 392,905</u>
\$ -	\$ -	\$ 6,070	\$ 960	\$ 619
-	-	-	11,538	27,118
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	<u>6,070</u>	<u>12,498</u>	<u>27,737</u>
200	-	-	-	-
-	137,737	-	-	-
<u>200</u>	<u>137,737</u>	-	-	-
25,545	177,941	-	-	-
-	-	-	-	-
-	-	29,701	660,759	365,168
-	-	-	-	-
<u>25,545</u>	<u>177,941</u>	<u>29,701</u>	<u>660,759</u>	<u>365,168</u>
<u>\$ 25,745</u>	<u>\$ 315,678</u>	<u>\$ 35,771</u>	<u>\$ 673,257</u>	<u>\$ 392,905</u>



CITY OF ST. JOSEPH

City of St. Joseph
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024

	Capital Projects		Total Governmental Funds
	Water Access Fund (501)	Sewer Access Fund (502)	
Assets			
Cash and investments	\$ 315,691	\$ 67,148	\$ 8,718,745
Taxes receivable - delinquent	-	-	4,578
Special assessments receivable			
Delinquent	-	-	395
Deferred	-	-	1,079,128
Accounts receivable	-	-	11,417
Interest receivable	-	-	54,658
Due from other funds	-	-	1,300
Due from other governments	-	-	428,283
Notes receivable	-	-	28,754
	\$ 315,691	\$ 67,148	\$ 10,327,258
Liabilities			
Accounts payable	\$ -	\$ -	\$ 36,689
Contracts payable	-	-	47,170
Due to other funds	-	-	1,300
Due to other governments	-	-	248
Salaries and benefits payable	-	-	82,816
Total liabilities	-	-	168,223
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	4,578
Unavailable revenue - special assessments	-	-	1,079,523
Total deferred inflows of resources	-	-	1,084,101
Fund Balances			
Restricted	-	-	7,011,226
Committed	-	-	626,195
Assigned	315,691	67,148	1,438,467
Unassigned	-	-	(954)
Total fund balances	315,691	67,148	9,074,934
	\$ 315,691	\$ 67,148	\$ 10,327,258
Total liabilities, deferred inflows of resources, and fund balances	\$ 315,691	\$ 67,148	\$ 10,327,258

City of St. Joseph
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue			
	Economic Development Authority (250)	TIF 2-1 Millstream Shops and Lofts (257)	TIF 2-3 Bayou Blues/Alley Flat (259)	TIF 4-1 Fortitude Senior Housing (253)
Revenues				
Property taxes	\$ 221,020	\$ -	\$ -	\$ -
Tax increments	-	47,193	39,600	70,549
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	19,751	-	-	-
Miscellaneous				
Investment income	2,093	1,750	143	2,348
Contributions and donations	-	-	-	-
Revolving loan repayments	-	-	-	-
Other	-	-	-	-
Total revenues	<u>242,864</u>	<u>48,943</u>	<u>39,743</u>	<u>72,897</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	149,263	43,840	37,031	64,837
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>149,263</u>	<u>43,840</u>	<u>37,031</u>	<u>64,837</u>
Excess of revenues over (under) expenditures	93,601	5,103	2,712	8,060
Other Financing Sources (Uses)				
Sale of property	-	-	-	-
Bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(19,000)	-	-	-
Total other financing sources (uses)	<u>(19,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	74,601	5,103	2,712	8,060
Fund Balances				
Beginning of year, as previously stated	44,825	43,552	(3,666)	28,904
Change within financial reporting entity (See Note 13)	-	-	-	-
Beginning of year, restated	<u>44,825</u>	<u>43,552</u>	<u>(3,666)</u>	<u>28,904</u>
End of year	<u>\$ 119,426</u>	<u>\$ 48,655</u>	<u>\$ (954)</u>	<u>\$ 36,964</u>

Special Revenue

State Collected Sales Tax (200)	Park Dedication (205)	Charitable Gambling (215)	Lodging Tax (220)	Revolving Loan (251)	Deed Housing (225)
\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
656,612	-	-	-	-	-
-	-	-	13,738	-	-
-	278,188	-	-	-	-
-	207	-	-	-	-
40,959	16,258	803	932	20,459	2,203
-	41	-	-	-	-
-	-	-	-	1,064	-
-	-	-	3,746	-	-
<u>697,571</u>	<u>344,694</u>	<u>803</u>	<u>18,416</u>	<u>21,523</u>	<u>2,203</u>
-	-	-	-	-	-
-	-	1,562	-	-	-
-	-	-	21,005	1,809	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	293,183	-	-	-	-
<u>-</u>	<u>293,183</u>	<u>1,562</u>	<u>21,005</u>	<u>1,809</u>	<u>-</u>
697,571	51,511	(759)	(2,589)	19,714	2,203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	165	9,000	10,000	-
(450,000)	-	-	-	-	-
<u>(450,000)</u>	<u>-</u>	<u>165</u>	<u>9,000</u>	<u>10,000</u>	<u>-</u>
247,571	51,511	(594)	6,411	29,714	2,203
1,461,303	449,819	1,360	20,692	573,770	56,440
-	-	-	-	-	-
<u>1,461,303</u>	<u>449,819</u>	<u>1,360</u>	<u>20,692</u>	<u>573,770</u>	<u>56,440</u>
<u>\$ 1,708,874</u>	<u>\$ 501,330</u>	<u>\$ 766</u>	<u>\$ 27,103</u>	<u>\$ 603,484</u>	<u>\$ 58,643</u>

City of St. Joseph
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue	Debt Service		
	St. Joseph Fire Services (210)	G.O. Equipment Certificates of 2023A (318)	G.O. Improvement Bonds of 2023A (317)	G.O. Capital Improvement Plan Bonds of 2016A (301)
Revenues				
Property taxes	\$ 214,042	\$ 104,654	\$ 149,506	\$ 179,955
Tax increments	-	-	-	-
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Special assessments	405	-	39,650	-
Intergovernmental	83,342	-	-	-
Charges for services	147,070	-	-	-
Miscellaneous				
Investment income	24,342	4,577	44,131	6,424
Contributions and donations	55,781	-	-	-
Revolving loan repayments	-	-	-	-
Other	7,158	-	-	-
Total revenues	<u>532,140</u>	<u>109,231</u>	<u>233,287</u>	<u>186,379</u>
Expenditures				
Current				
Public safety	378,880	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	-	80,000	185,000	200,000
Interest and other charges	-	25,110	105,787	71,765
Capital outlay				
General government	-	-	-	-
Public safety	82,427	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>461,307</u>	<u>105,110</u>	<u>290,787</u>	<u>271,765</u>
Excess of revenues over (under) expenditures	70,833	4,121	(57,500)	(85,386)
Other Financing Sources (Uses)				
Sale of property	19,000	-	-	-
Bonds issued	-	-	-	-
Transfers in	-	-	89,200	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>19,000</u>	<u>-</u>	<u>89,200</u>	<u>-</u>
Net change in fund balances	89,833	4,121	31,700	(85,386)
Fund Balances				
Beginning of year, as previously stated	569,086	24,531	119,303	152,789
Change within financial reporting entity (See Note 13)	-	-	-	-
Beginning of year, as restated	<u>569,086</u>	<u>24,531</u>	<u>119,303</u>	<u>152,789</u>
End of year	<u>\$ 658,919</u>	<u>\$ 28,652</u>	<u>\$ 151,003</u>	<u>\$ 67,403</u>

Debt Service

Formerly G.O. Improvement Bonds of 2016B (304)	G.O. Industrial Park Bonds of 2019A (308)	G.O. Improvement Bonds of 2019A (307)	2021 Improvement Bond [MN St/Overlays] (311)	2020A Equipment Certificate (309)
\$ -	\$ -	\$ 70,142	\$ 125,002	\$ 45,500
-	-	-	-	-
-	-	-	-	-
-	565,418	95,692	60,361	-
-	-	-	-	-
-	-	-	-	-
-	98,902	9,517	26,828	375
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	<u>664,320</u>	<u>175,351</u>	<u>212,191</u>	<u>45,875</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	215,000	155,000	260,000	45,000
-	60,732	43,277	85,024	1,832
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	<u>275,732</u>	<u>198,277</u>	<u>345,024</u>	<u>46,832</u>
-	388,588	(22,926)	(132,833)	(957)
-	-	-	-	-
-	-	-	-	-
-	-	-	39,670	1,300
-	-	-	-	-
-	-	-	<u>39,670</u>	<u>1,300</u>
-	388,588	(22,926)	(93,163)	343
195,072	-	221,300	664,476	12
(195,072)	952,132	-	-	-
-	<u>952,132</u>	<u>221,300</u>	<u>664,476</u>	<u>12</u>
<u>\$ -</u>	<u>\$ 1,340,720</u>	<u>\$ 198,374</u>	<u>\$ 571,313</u>	<u>\$ 355</u>

City of St. Joseph
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Debt Service			
	G.O. Improvement Bond of 2020B (310)	G.O. Capital Improvement Bonds of 2020B (312)	G.O. Improvement Bonds of 2013A/2020B (313)	Taxable Crossover Improvement Bonds of 2014A/2020C (314)
Revenues				
Property taxes	\$ 10,042	\$ 69,933	\$ 45,129	\$ 149,827
Tax increments	-	-	-	-
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Special assessments	-	-	43	10,764
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	17,578	625	934	1,208
Contributions and donations	-	-	-	-
Revolving loan repayments	-	-	-	-
Other	-	-	-	-
Total revenues	<u>27,620</u>	<u>70,558</u>	<u>46,106</u>	<u>161,799</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	65,000	60,000	50,000	145,000
Interest and other charges	9,508	11,100	597	13,086
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>74,508</u>	<u>71,100</u>	<u>50,597</u>	<u>158,086</u>
Excess of revenues over (under) expenditures	(46,888)	(542)	(4,491)	3,713
Other Financing Sources (uses)				
Sale of property	-	-	-	-
Bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(14,870)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,870)</u>	<u>-</u>
Net change in fund balances	(46,888)	(542)	(19,361)	3,713
Fund Balances				
Beginning of year, as previously stated	452,194	4,256	19,361	3,492
Change within financial reporting entity (See Note 13)	-	-	-	-
Beginning of year, as restated	<u>452,194</u>	<u>4,256</u>	<u>19,361</u>	<u>3,492</u>
End of year	<u>\$ 405,306</u>	<u>\$ 3,714</u>	<u>\$ -</u>	<u>\$ 7,205</u>

Debt Service				Capital Projects
G.O. Abatement Bonds 2022A (302)	G.O. Improvement Bonds of 2022 (315)	G.O. Equipment Certificate 2022A (316)	2024A GO Improvement Bonds of 2024 (319)	2022 Street Improvement Project (415)
\$ -	\$ 39,868	\$ 52,917	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	27,352	-	176,164	-
-	-	-	-	-
-	-	37,438	-	-
340,839	6,820	4,581	2,355	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>340,839</u>	<u>74,040</u>	<u>94,936</u>	<u>178,519</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
215,000	65,000	65,000	-	-
240,427	22,727	24,727	36,918	-
-	-	-	-	-
-	-	-	-	-
-	27	-	-	40
-	-	-	-	-
<u>455,427</u>	<u>87,754</u>	<u>89,727</u>	<u>36,918</u>	<u>40</u>
(114,588)	(13,714)	5,209	141,601	(40)
-	-	-	-	-
-	-	-	36,340	-
445,000	1,684	-	-	-
-	-	-	-	(1,684)
<u>445,000</u>	<u>1,684</u>	<u>-</u>	<u>36,340</u>	<u>(1,684)</u>
330,412	(12,030)	5,209	177,941	(1,724)
527,737	49,607	20,336	-	1,724
-	-	-	-	-
<u>527,737</u>	<u>49,607</u>	<u>20,336</u>	<u>-</u>	<u>1,724</u>
<u>\$ 858,149</u>	<u>\$ 37,577</u>	<u>\$ 25,545</u>	<u>\$ 177,941</u>	<u>\$ -</u>

City of St. Joseph
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Capital Projects			
	2023 Equipment Certificates (418)	2023 Street Imp/Elm St ROW Acq (417)	2024 Street Improvement Project (419)	Water Access Fund (501)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Special assessments	-	-	15,576	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	101,650
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Revolving loan repayments	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>15,576</u>	<u>101,650</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	7,573	-	-	-
Public safety	36,331	-	-	-
Public works	44,358	295,923	693,083	-
Culture and recreation	21,642	-	-	-
Total expenditures	<u>109,904</u>	<u>295,923</u>	<u>693,083</u>	<u>-</u>
Excess of revenues over (under) expenditures	(109,904)	(295,923)	(677,507)	101,650
Other Financing Sources (uses)				
Sale of property	-	-	-	-
Bonds issued	-	-	940,660	-
Transfers in	-	-	120,000	-
Transfers out	-	(89,200)	(17,985)	(160,000)
Total other financing sources (uses)	<u>-</u>	<u>(89,200)</u>	<u>1,042,675</u>	<u>(160,000)</u>
Net change in fund balances	(109,904)	(385,123)	365,168	(58,350)
Fund Balances				
Beginning of year, as previously stated	139,605	1,045,882	-	374,041
Change within financial reporting entity (See Note 13)	-	-	-	-
Beginning of year, as restated	<u>139,605</u>	<u>1,045,882</u>	<u>-</u>	<u>374,041</u>
End of year	<u>\$ 29,701</u>	<u>\$ 660,759</u>	<u>\$ 365,168</u>	<u>\$ 315,691</u>

Capital Projects

Sewer Access Fund (502)	Total Other Governmental Funds
\$ -	\$ 1,527,537
-	157,342
-	656,612
-	13,738
-	991,425
-	361,530
101,897	408,013
-	677,984
-	55,822
-	1,064
-	10,904
<u>101,897</u>	<u>4,861,971</u>
-	378,880
-	1,562
-	317,785
-	1,805,000
-	752,617
-	7,573
-	118,758
-	1,033,431
-	314,825
<u>-</u>	<u>4,730,431</u>
101,897	131,540
-	19,000
-	977,000
-	716,019
<u>(72,500)</u>	<u>(825,239)</u>
<u>(72,500)</u>	<u>886,780</u>
29,397	1,018,320
37,751	7,299,554
-	757,060
<u>37,751</u>	<u>8,056,614</u>
<u>\$ 67,148</u>	<u>\$ 9,074,934</u>



CITY OF ST. JOSEPH



**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of St. Joseph
St. Joseph, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, as described in the accompanying Schedule of Finding and Response on Internal Control that we consider to be a material weakness, listed as audit finding 2024-001.

Report on Compliance and Other Matters

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

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response on Internal Control. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Bergank DV, Ltd.

St. Cloud, Minnesota
May 5, 2025



Minnesota Legal Compliance

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of St. Joseph
St. Joseph, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Joseph, Minnesota, as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

BergankDV, Ltd.

St. Cloud, Minnesota
May 5, 2025

**City of St. Joseph
Schedule of Finding and Response on
Internal Control**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING

Material Weakness

Audit Finding 2024-001 - Improve Segregation of Accounting Duties

Adequate segregation of accounting duties is in place when the four areas of a transaction have been separated: authorization, custody, recording, and reconciliation.

As part of this year's audit, we reviewed the City's documentation of its internal control over significant areas including: cash receipts, cash disbursements, capital assets, payroll, and utility billing. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Some of the areas in which we noticed a lack of segregation or an overlap in duties are as follows:

Cash Receipts

The Administrative Assistant enters cash and checks into the point-of-sale system and reconciles daily receipts. The Account Technician sends late notices/calculate penalties. The Police Clerk records police receipts and receives payments. The Records Specialist reconciles the collections. A Police Clerk takes the deposit to the bank.

Cash Disbursements

The Finance Director is also an authorized signer and has access to the Mayor's electronic signature. The Administrator reviews and approves checks for payment. At year-end, the Finance Director reconciles and records accounts and contracts payable.

Capital Assets

The Finance Director records, processes, reconciles, and posts journal entries related to capital assets. Department heads review their listing for accuracy.

Payroll

The Finance Technician enters employee's time, processes and posts payroll, generates a payroll report, distributes paystubs to employees, and posts the journal entries related to payroll. In addition, this same employee reconciles payroll accruals. The Finance Director reviews payroll reports and time off balances and calculates compensated absences balances for the audit.

Utility Billing

The Account Technician enters new accounts into the utility billing system and uploads meter readings via interfacing with electronic readers. The Account Technician enters any rate changes to the system and can enter manual adjustments. The Account Technician calculates and enters final bills, prints, and mails utility bills, reconciles receipts to billed amounts, and enters receipts batches. The Finance Director approves adjustments and rate changes, and spots check individual utility bill calculations.

**City of St. Joseph
Schedule of Finding and Response on
Internal Control**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING (CONTINUED)

Material Weakness (Continued)

Audit Finding 2024-001 - Improve Segregation of Accounting Duties (Continued)

Cash Reconciliation and Access

The Finance Director performs the above noted responsibilities, while also reconciling cash, and generating manual journal entries.

City's Response:

The City Council and City staff are aware of the limited personnel handling the City's financial matters. The processes and internal controls are reviewed frequently to look for ways to improve internal controls. The department heads, City Clerk, Administrative Assistant, City Administrator and City Council each have active roles in monitoring the financial matters of the City to provided additional oversight. It is unlikely complete segregation of accountings duties will be achieved due to the cost of hiring several additional staff.